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Daily Report

East Asia

FBIS-EAS-94-226
Wednesday
23 November 1994

Daily Report
East Asia

FBIS-EAS-94-226 — _23 November 1994_

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Japan

Mitsubishi Becomes Missile System Distributor

OW2311121194 Tokyo NIHON KEIZAI SHIMBUN in Japanese 22 Nov 94 Morning Edition p 15

[FBIS Translated Text] Mitsubishi Corporation has obtained the distributorship in Japan of theater high altitude area defense (THAAD) missiles from Lockheed Corporation. THAAD is the core of the theater missile defense (TMD) system proposed by the United States. Under the distributorship, Mitsubishi will recommend that the Defense Agency introduce the missile system. If the agency orders a considerable number of THAAD systems, Mitsubishi would consider production in Japan under license. It is believed that Japan's participation in the TMD project will create business opportunities worth some 1 to 3 trillion yen. Moves in this direction by Japanese defense industries are becoming more pronounced.

THAAD is an air defense missile system to intercept ballistic missiles at an altitude of up to 100 kilometers. Under the contract with the U.S. Defense Department, Lockheed is expected to complete a practical model of THAAD by the end of 1996.

The Japanese Government has not yet determined its participation in the TMD project, but it is certain that reinforcement of the air defense systems will become the centerpiece of the new defense buildup plan to be initiated in fiscal 1996. Mitsubishi Corporation served as a member company of the U.S.-led West Pacific (WESTPAC) area missile defense project in view of future business chances in air defense updating. Lockheed reportedly attached importance to Mitsubishi's performance in the WESTPAC project.

Lockheed Corporation is expected to become the United States' biggest defense contractor through a merger with Martin Marietta Corporation in 1995. In preparation for the change in the balance of power in the U.S. defense industries, Mitsubishi wants to strengthen ties with the giant weapons maker through the THAAD project. Lockheed has become the contractor of Japan's next-generation support fighter (FSX) project by its acquisition of the fighter plane department of General Dynamics (GD), and Mitsubishi also has the distributorship for the FSX project. It appears the weapons business is concentrated in a few big companies both in Japan and the United States.

Government's Participation in OECD Examined

952A0076A Tokyo NIHON KEIZAI SHIMBUN in Japanese 18 Oct 94 p 27

[Article by Japanese Ambassador to OECD Yoshiyasu Sato]

[FBIS Translated Text] *1) The Organization for Economic Cooperation and Development (OECD) is now dealing with such global economic issues as promotion of market economies, global environmental problems, and globalization of economic activities. Through [its participation in] OECD, Japan is expected to keep providing its views on how the world economy should be. 2) A major issue for the future is OECD's relationship with nonmember countries. For OECD's policy coordination to have a more universal effect, we need to increase the number of member countries and to promote dialogues with nonmember countries. 3) A theme on which Japan can be assertive and persuasive is the issue of regional integration, which is likely to develop into protectionism. Using OECD's forums, Japan is fulfilling its role of maintaining the free trade system.*

The Organization as a Whole Plays the Role of a Legislative Branch

In a nutshell, the OECD's activities are aimed at exchanging information on economic and social policies among the member countries, as well as policy coordination and harmonization through 1,000 or more meetings of more than 200 committees and workshops each year (about 20,000 policymakers from the member countries attend these meetings.)

OECD lets its member countries review each other candidly, providing excellent opportunities for individual member countries to reexamine their systems and policies, as well as to make special requests to each other's policy. The organization serves as a forum for making positive contributions in management of the world economy.

Through the process of discussions among multiple countries, a common awareness of the current situation is formed, and as a result, biased, one-sided views are effectively constrained. In a sense, therefore, OECD functions as a sort of legislative branch for the international economy.

Also, the OECD takes up for discussion those issues that are likely to become problematic in the future. For example, during the time of stagflation from 1977 through 1982, it clearly presented its vision for structural adjustments.

Currently, the world economy is faced with three issues: 1) brisk movement toward market economies, 2) an increase in global environmental problems, and 3) adjustment for industrial policy-related problems, including the issue of unemployment caused by globalization of economic activities.

Movement toward market economies is spreading in Central and Eastern Europe, Russia, and other countries that branched out from the former Soviet Union—it is now spreading also in Mongolia, Vietnam, Laos, and Cambodia. Although different in character, market economies are gradually taking root in such developing countries as China and India, which have been experiencing rapid economic growth under open economies.

In response to such movement, the OECD established a "support center for transitional economies" in March 1990. Drawing on OECD's experiences, the center is providing Central and Eastern Europe, Russia, and others with support on know-how, including assistance on economic policy making. Japan is also actively cooperating with this effort by sending specialists on financial and taxation systems.

In relation to Russia, a special cooperative agreement was signed at an OECD ministerial conference this past June to provide support activities, such as assessment of economies. Although three countries in Indochina are not included among the countries to receive such support at present, they are expected to get support in the near future, due in part to Japan's request. Establishment of cooperative relations with China and India is also on the horizon.

In the environmental area, OECD has been contributing to environmental policies of its member countries; it presented an internationally well-balanced policy for prevention of pollution in the 1970's. For example, a fruit of such effort is seen in the inclusion of the "polluter pays principle" in Japan's environmental law.

On global environmental issues, the OECD followed up on the UN Conference on Environmental Development (UNCED) in 1992, and has been working on a project to implement framework treaties on climatic changes and on policy coordination among countries on the use of economic measures (tax and surcharge) for environmental policies. It is also working to establish international rules on the cross-border hauling of waste materials and to harmonize international measures on safety management of chemical materials.

Japan is taking a leadership role in promoting an international cooperation plan for technological development so as to overcome global environmental problems. The area of environmental issues seems best suited for Japan's international contributions. The Japanese experience is considered to provide valuable insights to OECD member countries.

Globalization of economies and advancement of new technological innovations in such areas as information provide unprecedented opportunities for overall development of the world economy. Due to increased mobility of merchandise, capital, and information, it has become possible to engage in large-scale corporate activities that treat the whole world as one unit. But, as such economic development brings about an intensified level of competition, protectionistic measures are likely to be imposed. This is the third issue.

The OECD is working to establish a mutual monitoring system so that its member countries will not turn to protectionism; it is also involved in work to raise the level of transparency in trade policies. And, it is also working on several industrial policy issues associated with globalization of business activities, such as the effects of technological innovations on employment and corporate organizations, and international cooperation for the establishment of an information-related infrastructure.

In light of the current conditions facing Japanese industries, our active participation in OECD's studies in this area and development of common policy awareness will further liberalize the Japanese economy and, as a result, will improve its efficiency.

Membership Applications Arriving Steadily From Countries in Central and Eastern Europe

A major issue for OECD from now on is how to develop its relationships with nonmember countries in dealing with various international economic problems.

With the joining of Mexico this past spring, the number of OECD member countries is now 25. Application for membership has been filed by such countries in Central and Eastern Europe as Hungary, Poland, the Czech Republic, and Slovakia. Reportedly, Korea is planning to submit its application for membership by the end of this year.

When these countries in Central and Eastern Europe become members and succeed in their transition toward market economies, the OECD will be able to contribute to the enhancement of happiness of the people in these countries as well as to the stability of international economic order by deepening the unity of economies.

Korea's membership will lead to further development of economic relations between Japan and Korea. It will also make OECD's economic policy adjustments more universal; it will enhance the global nature of the OECD as an international organization. In this sense, I would like to see more countries in Asia become members.

The OECD's relations with nonmember countries are not limited to increasing the number of member countries. With Japan's initiative, the OECD has been conducting "policy dialogues" in the past five years with rapidly developing Asian countries (also recently with Latin American countries) on such issues as trade, investment, finance, and stocks and bonds. These dialogues have contributed to the deepening of mutual understandings between OECD member countries and nonmember countries in the area of economic policy.

APEC (Asia Pacific Economic Cooperation) has also been promoting policy adjustments in such areas as trade, investment, and environment. Using its experience at OECD, Japan has been contributing as an intermediary between APEC and OECD.

As an agreement was reached at the Uruguay Round of negotiations, each country is now trying to have the agreement ratified. In the meantime, the actual world economy continues to develop. We must deepen our policy discussions so as not to get behind this reality.

Japan's voice is significant in this area. Now that Japan is a top player in the world economy, it is expected to speak actively through OECD on how the world economy should be in the future.

Finally, I would like to point out that "regional integration" is one of the issues on which Japan should speak persuasively in the multilateral international organization.

Japan is not a member of any regional grouping. European countries belong to the European Union (EU); the United States, Canada, and Mexico have formed a region based on the North American Free Trade Agreement (NAFTA); and New Zealand and Australia are promoting their region for economic cooperation.

It is natural for countries with geographic proximity to increase economic efficiency by forming a region in pursuit of "economies of scale." There is no problem in itself.

A problem is the substance of such regional cooperation or integration. Regional integration can promote trade and economic growth within the region, and as a result it can have trade-inducement effects with countries outside the region. Japan strongly hopes for such development. Regional integration should not result in formation of economic blocs in the world.

Criticisms Are Respected as Long as They Are Based on Just Arguments

The EU is a typical example of regional integration. Due to an increase in its membership, it is expected to have 16 member countries by January 1995. At the OECD, Japan has always warned that such movement toward regional integration should not lead to discriminatory practices against countries outside the region. The OECD responded to this by reaching an agreement to monitor and analyze activities of regional integration so that such integration can supplement and strengthen the multilateral free trade system.

During the process up to this agreement, there were tremendous efforts by officials from the Japanese Government. In pursuing further development in world trade, these kinds of efforts prove the point that we need to make the most of our participation in the OECD.

The issue of relationship between trade and labor standards, which recently has become the topic for discussion in conjunction with economic development of Asian countries, has a tendency to develop into arguments for trade-inhibiting, protectionistic measures.

Although we need to pay considerable attention to such issues as improvement of labor conditions and the human rights of workers in response to such arguments that may damage the free trade system, the OECD has decided that objective and verifiable studies are necessary. This is also due in part to the Japanese government's assertion.

The OECD is composed mainly of European countries, but it has an atmosphere where as long as you present logical arguments, your arguments will be respected, even if they are painful for them to accept. It is no exaggeration to say that Japan's voice ensures that the OECD is not a European organization, but a global one.

In the world economy full of opaque factors, OECD will continue to play the role of a system that provides maps (visions) for the international economy. Japan can carry out its international duties by strengthening this international organization.

Kim Chong-il Said To Assume Power 'This Year'

OW2311124694 Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 Nov 94 Morning Edition p 6

[FBIS Translated Text] On the evening of 22 November, a Japanese Government source commented on the possibility of DPRK Secretary Kim Chong-il assuming the posts of president and secretary general of the Workers' Party of Korea, saying: "We have information that he will officially be inaugurated this year." The source thus indicated his view that the new DPRK leadership has started moving on with Kim in contol of the "government," "party," and "military."

Talks With DPRK Said Unlikely Until 'Spring'

OW2311090194 Tokyo KYODO in English 1716 GMT 23 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 23 KYODO—Japan and North Korea are unlikely to restart bilateral talks for diplomatic rapprochement until next spring at the earliest, government sources said Wednesday. The ruling coalition's decision to abandon plans to dispatch a delegation to North Korea by the end of the year has forced the delay, the sources said.

Even after the two countries agree to resume talks, at least one month will be needed for the preparations, they said.

The Foreign Ministry has had contact with North Korean officials since August at such sites as Beijing, New York and Geneva after the negotiations between the United States and North Korea gained momentum.

The U.S.-North Korea nuclear agreement in October has considerably lowered the hurdle for Tokyo-Pyongyang talks, Foreign Ministry experts say.

But the two principal issues remaining that could derail the talks are Pyongyang's suspected nuclear ambition and Japan's requests to confirm the safety of a Japanese woman, Yi Un-Hye, whom Tokyo believes was abducted by North Korean agents.

The ministry has no plan to strike either issue off the agenda for the bilateral talks, sources said.

The ministry has shown caution toward Prime Minister Tomiichi Murayama's and his Social Democratic Party's urgings to restart the talks as early as possible, arguing that easy compromises could cause big future regrets for Japan.

"We won't play our hands first," said a ministry source.

Japanese diplomats also feel safe in moving cautiously in resuming talks with Pyongyang because of the delay until the next year in the launching of the proposed multilateral consortium to provide North Korea with Western-style light-water reactors.

The consortium, the Korean Energy Development Organization, is part of the U.S.-North Korea nuclear pact signed on Oct. 21 in Geneva.

In the landmark agreement, Washington promised to organize the consortium to provide North Korea with two light-water reactors that produce less weapons-grade plutonium, in exchange for Pyongyang's pledge to freeze its nuclear program.

EU Asks Tokyo To Act as 'Bridge' With APEC

OW2311092394 Tokyo NIHON KEIZAI SHIMBUN 23 Nov 94 Morning Edition p 5

[FBIS Translated Text] The European Union (EU) has asked the Japanese Government to act as a "bridge" for dialogue between the EU and the Asia-Pacific Economic Cooperation (APEC) forum. The EU is seeking support from Japan, the host nation of the 1995 APEC Osaka conference, to secure a foothold in the rapidly growing Asia-Pacific market. The government said, "we understand the EU's opinion that APEC should be a regional association open to the outside world" (as noted by a Foreign Ministry source); however, it still requires a prudent attitudes toward the EU's approach to APEC in case of possible opposition by the United States.

With the "dialogue framework proposal" conveyed through a formal diplomatic channel, the EU is reportedly considering summit and ministerial meetings between APEC and the EU on a regular basis.

The EU hammered out a new Asia strategy last summer, and is beginning to attach importance to inroads into the Chinese and Southeast Asian markets. Also, the EU is deeply interested in APEC's plan to create a regional free trade zone. However, the United States is showing a negative stance toward APEC members' proposal for a "most-favored-nation" principle, which opens achievements of regional trade liberalization to the outside world including the EU, since the EU is likely to become the United States' biggest rival in the Asian market. Under such circumstances, it appears the EU wants to secure some sort of channel to convey its interest to APEC.

Tokyo Said To Ensure Safety of Nuclear Plants

OW2211014594 Tokyo YOMIURI SHIMBUN in Japanese 19 Nov 94 Morning Edition p 7

[FBIS Translated Text] It has been learned that Japan will launch the first international cooperation program of safety management and nuclear proliferation prevention in Asia, to ensure the safety of nuclear plants and prohibit conversion of nuclear materials into military weapons in this region.

According to information revealed by the Agency of Natural Resources and Energy under the Ministry of International Trade and Industry on 18 November, Japan will focus on providing systematic and technological support to set up a joint management system of spent nuclear fuel. Its ultimate goal is to establish a framework to maintain safety of nuclear reactors in the Pacific rim region with cooperation from the United States, Canada, and other countries.

Specifically, Japan will assist the Asian nations in designing and constructing safer reactors; give simulation training to plant operators using training reactors; and educate them to maintain and check safety during operations. Furthermore, Japan will offer knowhow on improving legislation to ensure the safety of nuclear reactors and on setting up safety standards as well as a safety review system.

To prevent nuclear proliferation, spent nuclear fuel will be stored under a joint management system. The Asian nations will also be asked to comply with an international guideline prohibiting export of materials that can be converted to nuclear weapons, and they will be asked to join the International Atomic Energy Agency's safety treaty.

On 6 December, details of the program will be submitted to the Nuclear Bureau of the Advisory Committee for Energy (an advisory organ to the minister of international trade and industry, led by Kosaku Inaba, chairman of the Japan Chamber of Commerce and Industry). It is scheduled to be endorsed in May 1995.

Among Asian nations except Japan, there are three nuclear reactors currently operating in China, nine in South Korea, and six in Taiwan. There are plans to expand these plants and other countries like Indonesia, Malaysia, the Philippines, and Vietnam have introduced experimental reactors. Moves toward building nuclear plants are often observed in Asia due to the increasing demand for electricity that goes along with rapid economic development.

Because of this trend, however, the threat of possible massive nuclear accidents has increased. In addition, the alleged North Korean development of nuclear weapons gave sudden rise to concern over the use of nuclear materials for military purposes.

As a form of international support following the Chernobyl accident, operation managers from the former USSR and East European nations were invited to Japan to be trained. By making good use of this experience, Japan will set up the cooperation program in Asia with the goal of ensuring the safety of nuclear plants.

Tokyo To Provide Relief Aid to Russia, Zaire

Russia: Additional 45 Million Yen

OW2111085794 Tokyo KYODO in English 0844 GMT 21 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 21 KYODO—Japan will ship 45 million yen worth of additional emergency supplies later this week to the Russian-held islands off Japan's northern coast, which were hard hit by a major earthquake and tsunami waves last month, chief government spokesman Kozo Igarashi said Monday [21 November].

The provisions include kerosene heaters, gas cooking stoves and other daily necessities, chief cabinet secretary Igarashi said at a news conference.

He also said relief supplies worth 82 million yen, donated by a town government in Hokkaido, Japan's northernmost main island, and private groups, as well as by the inter-party Japan-Russia Parliamentary League, will also be shipped to the three islands.

They will be shipped from Wednesday through Sunday to three of the four contested islands—Kunashiri, Shikotan and Etorofu, Igarashi said.

Tokyo offered 15 million yen worth of emergency aid to two of the four islands—Kunashiri and Shikotan—in mid-October after the earthquake devastated the islands Oct. 4.

Japan has long demanded Russia return the four islands, which include the Habomai group of islets. The former Soviet Union captured the islands at the end of World War II.

The second Japanese relief mission will be organized under the Japan-Russia visa-free exchange program, as was the first mission, Igarashi said.

Goma: 20 Million Yen

OW1811144294 Tokyo KYODO in English 1411 GMT 18 Nov 94

[FBIS Transcribed Text] Goma, Zaire, Nov. 18 KYODO—Representatives from Japan and the Zairean town of Goma on Friday [18 November] exchanged documents pledging 20 million yen in grant-in-aid from Tokyo to help the border town recover from the large influx of refugees from neighboring Rwanda.

The money will be used to buy an operating table, which has already been delivered, and anesthetic equipment for the Goma National Hospital. A local sanitary laboratory will be provided with a set of microscopes and a centrifuge.

Eight elementary schools in Goma, which lost their furniture in raids by refugees in search of firewood, will be presented with 660 sets of new desks and chairs.

Korea Wants Tokyo To Relax Government Regulations

OW2311111794 Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 Nov 94 Morning Edition p 5

[FBIS Translated Text] It was learned on 22 November that South Korea has filed a statement with the Japanese Government asking for the relaxation of bureaucratic regulations. The specific demands in the statement are: 1) The import restrictions on food and the qualification requirement for food importers should be relaxed or abolished; 2) the contractor classification system for public works projects should be eased and both the certification system for construction materials factories and the certificate of origin system should be abolished; 3) the joint sale system for petrochemical industries should be improved; and 4) company employees from South Korea working in Japan should be exempted from the payment of welfare pensions. Calling these regulations non-tariff barriers, South Korea is strongly demanding their relaxation. So far, the United States and European nations have asked Japan to relax its regulations, and South Korea is the first Asian nation that has requested that Japan relax them. Many other Asian nations are dissatisfied with Japan's regulations, and one Asian nation after another is expected to ask Japan to ease its regulations.

In an effort to draw up a deregulation promotion plan (1955-1999) by the end of March 1995, the Japanese Government is presently receiving deregulatory requests from domestic industries and foreign nations, and South Korea has filed the statement in response to the Japanese Government's action. In the statement, South Korea has classified the regulations in question into four categories that include, among other things, "regulations discriminating against South Korean products through administrative guidance," "regulations imposing tougher than international standards" and "regulations impeding the expansion of personnel exchanges between the two countries."

Regarding foodstuffs, the statement demands the abolishment of collusive business practices among import associations which restrict fair competition and the import quota system for fisheries products. The statement also demands that Japan either put its standards for quantitative restrictions on food additives and for the prohibition of their use on a par with international standards, or acknowledge South Korea's domestic standards, which conform to international standards. The statement also demands that the inspections of imports be simplified and the duration of the current procedure for their inspections be shortened.

In addition, the statement asks that Korean ginseng tea and capsules be classified not as medicines, but as tonics, while demanding the relaxation of the liquor retail license system, including the issuance of retail licenses for foreign liquor retailers. South Korea has made the same demand as the United States and European nations have in connection with the liquor retail license.

In the construction area, the statement asks that construction materials, with their safety inspections certified by exporting nations, be allowed to be used in Japan and the current certification system for steel-frame factories be abolished. The statement points out that the "current certificate of origin system gives preferential treatment to Japanese manufacturers of cement and steel products used for public works projects, thereby blocking South Korean manufacturers from moving into the Japanese construction market."

Regarding the tender system, the statement also demands that construction performances in third nations other than Japan be added in the assessment of foreign contractors when they are classified and foreign construction managers and engineers be given the same qualification as their Japanese counterparts.

Weaker Dollar Boosts U.S. Price Competitiveness

OW2211092194 Tokyo KYODO in English 0847 GMT 22 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 22 KYODO—The price competitiveness of U.S. manufacturers has remarkably improved in dollar value as the U.S. currency has weakened on foreign exchange markets since the late 1980s, a private research institute said in a report Tuesday [22 November].

U.S. manufacturers have become more price competitive than their Japanese counterparts in dollar terms since mid-1980 despite the continuing price advantage of Japanese products in yen terms since the early 1980s, the Sanwa Research Institute said.

The U.S. trade deficit with Japan, however, has rapidly expanded since 1992 due partly to the so-called "J-curve effect" or the swelling of Japan's dollar-denominated exports to the United States as the yen continues to appreciate, the report said.

Japan's prolonged economic slump also contributed to increases in the U.S. trade deficit as U.S. exports to Japan remained sluggish under weak domestic demand in Japan while U.S. imports increased as the U.S. economy expanded, it said.

The most important task for U.S. manufacturers is to reduce costs by corporate efforts, not by depending on the dollar's decline, it said.

On the other hand, the Japanese manufacturing climate may continue to be severe in terms of international competitiveness, it said, noting the lingering upward pressure on the yen with a huge current account surplus and a recent decline in growth in Japanese investment in research and development, among others.

Under the circumstances, each Japanese company should reduce input prices by diversifying procurement routes both at home and abroad, and enhance capital efficiency by investing more in research and development with a view to saving energy and seeking higher added value, the report said.

In the field of macroeconomic policy, the report called for further deregulation, more market opening, fund supply systems for venture capital, systemic and environmental improvement for a smooth flow of employment among industries and jobs.

Tokyo To Maintain Tight Controls on Oil Imports

OW2311062194 Tokyo KYODO in English 0546 GMT 23 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 23 KYODO—The government aims to maintain tight regulations on imports of oil products despite lifting an import ban in April 1996 as scheduled, a move which could limit such imports, officials said Wednesday [23 November] in a draft of the regulations stipulates that imports of oil products should be allowed only if they meet Japanese Industrial Standards (JIS), and require any new importer to have a 70-day reserve for their imports as required at present, the officials said.

"The same level of obligations as those for existing importers is needed," said an official at the Agency of Natural Resources and Energy. Under JIS rules, to be sold at gas stands, gasoline is required to have a sulfur content of less than 0.01 percent, and a benzene content of less than 5 percent. In the case of kerosene, the amount of sulfur is required to be less than 0.008 percent.

The new regulations, drafted by a working group set up within an advisory panel to the minister of international trade and industry, are expected to win endorsement from the panel on Dec. 12, the officials said.

The ministry is scheduled to write the relevant legislation and present it to the ordinary Diet session beginning next January so that the regulations can be enforced on April 1, 1996, the day after the current import ban is lifted, they said. Under current law, Japan restricts importers of oil products largely to oil refiners, as importers are required to have backup oil refining capacity for times when imports are cut.

Two Space Projects Announced for Early 1995

OW2211100894 Tokyo KYODO in English 0934 GMT 22 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 22 KYODO—Japan will launch two space projects early next year to conduct experiments on new materials, the government said Tuesday [22 November].

The Ministry of International Trade and Industry (MITI) said it will undertake a space experiment project, called the Experiment Reentry Space System (Express), jointly with the Education Ministry, using the M-3SII rocket to be launched on Jan. 15.

Another space project, the Space Flyer Unit (SFU), will involve the National Space Development Agency's H-II rocket to be launched on Feb. 1. The project will be sponsored by MITI, the Education Ministry and the Science and Technology Agency.

Both projects are designed to create new materials, taking advantage of the state of zero gravity in space, a MITI official said.

Under the Express project, a 765-kilogram capsule installed in the M-3SII rocket will be put into orbit 200 to 400 kilometers from the earth for five days, MITI said.

The 16 billion yen project, also to involve Germany, is intended to make catalysts to be used for oil refining, the ministry said.

The 70 billion yen SFU project will feature creation of semiconductors for use in solar batteries.

The space flyer, weighing about 4 tons, will be placed in orbit 500 kilometers from the earth for six months and will be finally recovered by the U.S. space shuttle, MITI said.

Number of Foreigners in Manufacturing Decreases

OW1711115494 Tokyo KYODO in English 1106 GMT 17 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 17 KYODO—The number of foreigners working in Japan's manufacturing industry dropped notably this year, apparently affected by the severe employment situation in the sector amid the stagnant economy, the Labor Ministry said Thursday [17 November].

It said based on a survey as of June 1 this year, the number of foreign workers directly employed by Japanese manufacturers declined 7.3 percent from a year earlier, although the figures increased 17.1 percent in the construction industry, 9.8 percent in transport and communication industry, and 4 percent in the service industry.

The number of foreign workers dropped more at larger companies than at smaller ones, the ministry also said.

For example, at corporations with more than 1,000 employees, the number of foreign workers dropped 24.3 percent, while at those with employees numbering between 300 and 499, the decline was 14 percent.

On the other hand, such numbers increased 17.8 percent at companies with five to 29 employees, the ministry added.

"The ongoing severe employment situation is affecting foreign workers in Japan," it said.

For the ministry's second annual survey on the matter, replies were received from 14,277 companies nationwide with a total of 130,030 foreign workers.

Of those workers, 93,755 were directly hired by the firms they were working for, and 36,255 were hired by different employers and dispatched to their workplaces as temporary workers.

The overall number of directly-employed people declined 2.9 percent from June last year when the ministry conducted such the survey for the first time.

The number of "indirectly hired" people, or those dispatched by other employers, was polled for the first time this year.

The ministry said the survey is based on voluntary reports from business operators, but reflects the current situation of an estimated 600,000 foreign workers, about half of whom are apparently working illegally.

Key Economic Indicator Remains Above 50%

OW2211074794 Tokyo KYODO in English 0620 GMT 22 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 22 KYODO—Japan's economy remained above 50 percent on a key economic indicator in September for a second straight month, showing continued gradual improvement, the Economic Planning Agency said Tuesday [22 November].

The diffusion index of coincident indicators, at 60 percent, fell from previous month's 90.0 percent but stayed above the "boom-or-bust" line of 50 that divides improvement from retreat, the agency said in a preliminary report.

An agency official declined to predict the trend for October's figures but expressed hope that the coincident index, which depicts current conditions, would remain near the 50 percent line.

The September report left unchanged the agency's assessment that the figures "show a change in the economic situation" toward improvement. That wording accompanied the August report, which had the highest coincident index since July 1987 and which followed two months below 50 percent.

The 60 percent reading indicates that six of the index's 10 components showed improvement. Slipping to a minus from an August plus were department store sales, labor inputs by manufacturers, shipments of investment goods and sales by small and mid-size manufacturers, while the ratio of job offers to seekers turned higher, according to the report.

The September leading index, forecasting conditions three to six months ahead, stood at 54.5 percent, for the ninth straight month above 50 percent, but down from August's 90.0 percent.

The lagging index, showing the performance of the previous three to six months, slipped to 33.3 percent from 42.9 percent for the 12th straight month below 50 percent.

Finance Minister on 'Sluggish' Stock Prices

OW2211014794 Tokyo KYODO in English 0140 GMT 22 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 22 KYODO—Finance Minister Masayoshi Takemura said Tuesday [22 November] he is closely watching stock prices, which he described as remaining "sluggish."

Takemura, at a press conference after a regular cabinet meeting, said, "as finance minister, I will pay the utmost attention to the current situation" in the stock market. While declining to make specific comments on the level of stock prices, Takemura said, "I recognize well that the stock market lacks energy."

Meanwhile, Takemura said some cabinet members raised questions about the present process of compiling the draft budget, asking for greater political mandate.

Currently the Finance Ministry draws up the draft budget at the working level, followed by formal ministerial negotiations, Takemura said. There should be a point when cabinet members effectively take the responsibility to give opinions about the budget compilation so the draft budget can reflect the will of the entire cabinet, the finance minister said.

While responding negatively when asked whether the compilation of the budget should be placed in the cabinet's hands, rather than with the Finance Ministry mandarins, Takemura said, "I want to see if I can come up with any ideas to participate in the budget compilation work on a political basis."

[words indistinct] Takemura said the government should not consider dissolving the Diet for the time being just because the political reform bills were approved.

It is the basic responsibility of the house of representatives members to fulfill their four-year terms, Takemura said. Takemura pointed to the importance of both the people and the politicians taking the time to become familiar with the new electoral systems.

Bank of Japan Report Shows Gradual Recovery

OW2211104494 Tokyo KYODO in English 1028 GMT 22 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 22 KYODO—Japan's economy is recovering gradually on the back of continued growth in personal consumption and industrial production, as well as moderately improving employment conditions, the Bank of Japan (BOJ) said Tuesday in a monthly report reviewing the nation's monetary and economic trends.

The central bank reiterated that its economic views remain unchanged from a month earlier, with one official saying, "there is no factor, either negative or positive, to change our judgment."

There was a mixture of favorable and unfavorable statistics backing up the bank's judgment, with the favorable somewhat coming out on top, the official said.

As for favorable factors, the official cited recovering household spending, expected increases in industrial output both in October and November, and machinery orders showing signs of recovery.

As unfavorable ones, he mentioned September's fall in housing starts, the slowed growth in exports, still-weak capital investment and a somewhat slower increase in individual consumption after the scorching summer.

Asked about effects on the economy of sluggish stock prices, with the Nikkei average falling below 19,000 for the first time in about nine months, the official only said the central bank is paying great attention to the stock market, noting stock prices largely depend on corporate and household confidence.

Under the circumstances, the path of economic recovery has been and will be moderate, not remarkable, the official said.

On personal consumption, recent statistics suggest a pause in the trend of increasing sales at department stores and supermarkets, partly reflecting poor sales of autumn clothing, the report said.

Sales of household electrical appliances continue to be strong even after the boom in those of air conditioners during the unusual heat wave, it said.

The number of new passenger car sales increased for four straight months from July, although at a somewhat slower pace, it said.

Capital spending continues to be weak in both the manufacturing and nonmanufacturing sectors, despite an increase in some industries such as electrical machinery and retail.

However, some leading indicators showed signs of recovery, with mschinery orders for the July-September period exceeding forecasts in an August survey and expecting to increase further in the October-December quarter, the report said.

Exports have recently slowed in growth as they have been substituted for by stepped-up production in Japanese subsidiaries abroad, it said.

On the labor market, the report said the decline in the growth rate of employment has almost stopped for the first time in about one and a half years, while unemployment is increasing at a slower rate. It said the ratio of job offers to job applicants has begun to rise, albeit only moderately.

Jul-Sep Industrial Production Shows Recovery

OW2211082994 Tokyo KYODO in English 0748 GMT 22 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 22 KYODO—Japan's industrial production began to recover in the July-September period, the Ministry of International Trade and Industry (MITI) said Tuesday [22 November]. Third-quarter production for the mining and manufacturing sectors increased 1.6 percent from the previous quarter, scoring the third consecutive quarterly rise, MITI said. The uptrend was led by electrical machines, chemicals and general-purpose machines, MITI said.

Compared with a year before, industrial output for the reporting quarter also rose 1.6 percent, the first year-to-year growth in 12 quarters since July-September of 1991, MITI said.

Shipments climbed 1.6 percent from the second quarter for the third running quarterly increase and 2.0 percent from a year earlier, the first increase in 12 quarters.

Corporate inventories decreased 1.5 percent from the preceding quarter, marking the fourth straight quarterly decline, the ministry said, noting inventory adjustments had come to a virtual end.

Domestic shipments of consumer goods in the third quarter grew 4.4 percent from the previous quarter, MITI said.

Recovery in personal spending has been spreading, but shipments of consumer goods for domestic use will take one step forward and one step backward for the time being, reflecting an increasing flow of imports.

Household spending edged down as a whole for the reporting quarter but spending on some products, such as air conditioners and beverages, grew smoothly thanks to this year's summer heat.

Overall capital spending has been falling despite bright signs in some sectors.

Shipments of construction materials are expected to move back and forth, MITI said, explaining that housing investment and investment for public projects will remain firm while investment for office buildings has been slack.

Japan's imports will continue to increase for the time being, but exports will see oscillate in the wake of the strong yen and an expanding global economy, MITI said. [sentence as received]

Final demand, although showing signs of improvement in some sectors, is lacking vigor, affected by the strong yen, the ministry said.

FTC To Study Effects of Limited Business Practice

OW1911023494 Tokyo NIHON KEIZAI SHIMBUN in Japanese 18 Nov 94 Morning Edition p 5

[FBIS Translated Text] The Fair Trade Commission [FTC] has started to study the effects of government regulations including the Large Retail Store Law and regulations on the sale of alcoholic drinks, in the distribution sector. It will survey large supermarkets and retailers on such issues as whether restricted business participation has adversely affected competition in prices and services. The FTC plans to compile its findings as early as the beginning of 1995, and ask the concerned ministries and agencies to ease regulations.

The four areas to be studied are: The Large Retail Store Law, alcoholic drinks, rice and tobacco. Regarding the distribution sector, the FTC's experts' committee, the "Study Group on Government Regulations and Competition Policy" (chaired by Professor Toshimasa Tsuruta of Senshu University) is considering compiling recommendations on deregulation. By conducting a field survey of the adverse effects of regulations and publishing the survey findings, the FTC wants to make its recommendations more convincing.

The survey on the Large Retail Store Law will look at whether there are cases where regulations by local governments, which are even stricter than those of the national government, have prevented the opening of large retail stores. It will also look into the impact on the opening of new stores, expansion of shop area and business competition of the legal amendments implemented on this law in 1992, and the deregulation measures implemented last May, which consist mainly of the extension of business hours.

Regarding the sale of alcoholic drinks, the survey will investigate whether restricted business participation, due to the licensing system, has adversely affected competition among retailers in terms of prices and variety of merchandise.

The FTC will also seek opinions on whether restrictions on business participation have become ineffective because of the expansion of the consumers' shopping zone due to the growth of large suburban stores.

As to the distribution of rice, the FTC will listen to views on the draft New Staple Food Control Act compiled by the government recently. Regarding the marketing of tobacco, the FTC will seek opinions on the licensing system for retailers and the obligatory fixed price system, as well as inquire into whether retailers have been asked to give priority to selling Japan Tobacco Inc. (JT) products.

Vice MITI Minister To Resign Over APEC Handling

OW2211052594 Tokyo EKONOMISUTO in Japanese 29 Nov 94 p 14

[Unattributed report from the "People and Events" column]

[FBIS Translated Text] According to an informed source, Hideaki Kumano, administrative vice minister of international trade and industry (who joined the

Ministry of International Trade and Industry [MITI] in 1960), has finally decided to resign.

The immediate reason for the resignation is his being reprimanded by MITI Minister Ryutaro Hashimoto at the recent Asia-Pacific Economic Cooperation (APEC) ministerial meeting in Jakarta.

MITI dispatched a total of more than 50 senior officials to the APEC meeting. However, they were not only unable to come up with definite proposals or to indicate a policy direction, but they were not even able to arrange any meetings for the MITI minister with leaders of the participating countries.

Even Hashimoto, who had previously stated he would "let bygones be bygones," finally flared up. Thus, many in the ministry view Kumano's decision as a "resignation to assume responsibility."

Kumano, who once decided "not to resign," will now have to resign in disgrace. In any case, this can be considered to have come a bit too late.

The new MITI leadership will take off in early January. The new setup will be headed by Sozaburo Okamatsu, deputy vice minister (who also entered MITI in 1960), until June 1995. Yoshihiro Sakamoto, director general of the International Trade Policy Bureau, is tipped to be new deputy vice minister, and arrangements are being made within MITI to promote Hisashi Hosokawa, director general of the Basic Industries Bureau, to succeed Sakamoto.

However, there are still objections in MITI to Hosokawa's promotion to the post of International Trade Policy Bureau director general.

The reason is: He is commonly regarded as the person responsible for the affair resulting in the resignation of the previous International Trade Policy Bureau chief, Masahisa Naito. Another candidate for this position is seen to be Buheita Fujiwara, presently on loan to the Foreign Ministry as ambassador to Bulgaria.

Toyoda Urges Early Election Under New System

OW2211132494 Tokyo ASAHI SHIMBUN in Japanese 22 Nov 94 Morning Edition p 7

[FBIS Translated Text] Shoichiro Toyoda, chairman of the Japan Federation of Economic Organizations [Keidanren], commented on the fact that the Diet approved on 21 November a demarcation bill for the single-seat constituencies for the House of Representatives, and finished up political reform. He expressed his basic stand of urging early dissolution of the lower house to conduct the general election, saying: "Although enactment of the bill took a long while, I am glad that political reform, which is a task of great significance, has been achieved. Now that the new electoral system has been approved, the election should be conducted at an early date."

* Ozawa Discusses U.S., Independence, Democracy

952B0041A Tokyo NIKKEI BUSINESS in Japanese 31 Oct 94 pp 24-29

[Interview with Ichiro Ozawa by NIKKEI BUSINESS editor-in-chief Kiyoshi Otani; place and date not given: "Ichiro Ozawa, Shinseito Secretary General"]

[FBIS Translated Text] **I will discuss all of my views on the United States. The question is, "Can Japan take care of itself?"**

Ichiro Ozawa uses this discussion to completely cover his personal diplomatic and historical views. He would insist on a policy of placing emphasis on the United States, regardless of the affinity that the Japanese economy develops toward Asia. The reason is that a Japan isolated from the United States has no future. This special article provides a distinct picture of Ozawa's views on changes taking place in Japan.

Kiyoshi Otani, NIKKEI BUSINESS editor-in-chief

If the United States Is Unreliable, There Is Asia?

[Otani] Does your stance emphasizing the United Nations and the United States remain unchanged? The Japanese economy is currently in the process of rapidly expanding its relationships with the Asian nations. The majority of new direct investments focus on Asia. We hear assertions that Japanese diplomacy should gradually shift its primary emphasis to Asia.

[Ozawa] There is no need to make any change whatsoever. Japanese want to say that, if we can no longer depend on the United States, we can rely on Asia. However, Japanese have no understanding of how Japan is viewed by the world as well as Asia. If Japan should be isolated from the United States, the question is, who will take Japan seriously? There is no mistaking that manufacturers from Japan are playing a central role in making direct investments in Asia. If one were to limit his examination to that one perspective, it appears that Japan's relationships with Asia have become intimate. However, such movements are based solely on economic factors.

[Otani] Isn't it the case where Asian nation have launched their economies as a result of direct investment and transfer of technology from Japan? This is the basis for the argument that Japan leads Asian economic growth.

[Ozawa] I believe that theory is arrogant. In essence, it's like saying the target nations benefit when Japanese firms deploy factories in accordance with their own corporate strategies. Inhabitants of target nations who hear such claims may acknowledge that they benefit in that they are not placed at a disadvantage. However, they definitely do not express respect for Japan. The egocentric logic of the Japanese breeds skepticism on the part of inhabitants of these nations.

A typical example is the debate on Japan's candidacy for permanent membership in the UN Security Council. Japan's egotistical views have been looked upon with suspicion and have led to a variety of reactions including Asian insistence that Japan not be granted veto power as a member of the council. Such statements demonstrate that Japan does not enjoy Asian confidence.

Japan must not deviate from its basic policy of maintaining a coordinated position with the United States and the United Nations, because it is always viewed with suspicion. When my political group began to advocate Self-Defense Forces [SDF] participation in UN peacekeeping operations (PKO) during the Gulf war, we created a controversy domestically as well as internationally, but now there is little opposition to such an idea. The issue was not the deployment of the SDF. It was a case of suspicion breeding because it was impossible to discern Japan's thinking; criticism could have been avoided if it were obvious that Japan's intent was to act in concert with the United Nations.

[Otani] The Japanese economy's dependence on the United States is declining and the Asian market is expanding. Will Japan face difficulties even if it is isolated from the United States under such circumstances?

[Ozawa] Don't you understand that isolation from the United States will mean the inability to survive. Who in the world could paint a picture of survival for Japan under such circumstances? Such circumstances would lead to total disaster. Japan would not be able to acquire natural resources, would face abandonment by Asia, lose all markets, and lose all that had been gained. If we were content with the standard of living of the Edo era, complete isolation might be tolerable. However, if our future is to be premised on today's affluent levels, self-sufficiency of Japan would be impossible.

A global examination quickly reveals that the only nation that could possibly survive on a self-sustained or isolated basis either militarily or economically is the United States. Such an approach would be impossible for all other nations. Japan has few choices because it has nothing in the way of resources to sustain its current affluence.

[Otani] Is it a case where Asia does not respect Japan because it has not settled all outstanding issues concerning World War II?

[Ozawa] That is one aspect of the overall problem, but more important, Japan swings emotionally like a pendulum and breeds extreme suspicion that it poses a threat. If Japan were a country that proceeded with logically patterned debate and presented itself as a nation whose course of action were easily discernible, it would be broadly accepted. However, it is a nation where no one questions developments even if it reverses itself completely in midcourse. The question is what do all those opposing arguments over a span of 50 years represent if the Social Democratic Party of Japan [SDPJ] reverses its policies overnight? There is also the question of who can deal with a Japan with peace of mind when there is no telling which way it will meander.

Why Is Japan Called Dishonest?

[Otani] However, in the Japan-U.S. economic framework talks, Japanese negotiators displayed a degree of ennui. They reflected what you might refer to as a degree of weariness in dealing with the United States...

[Ozawa] Any nation that is strong tends to be liberal in dealing with others. In contrast, when it faces difficulties, it tends to be rigid. Such tendencies are purely logical and apply equally to the United States.

During the past half century, Japan was at liberty to pursue its economic interests. Although it had lost the war, no other period in history afforded such comfortable circumstances. We can appreciate the desire for such circumstances to continue, but will that be feasible? This issue is of much greater importance than the pending Japan-U.S. negotiations. Will global circumstances permit the situation in which Japan dedicates itself solely to economic pursuits? Politicians must make the public aware that it cannot expect "to glean only the good things" in all matters.

I have no intention of blaming bureaucrats for our problems. We must realize that they are merely discharging their duties. However, the recent agreements reached in the negotiations were ambiguous. Unlike previous administrations, Clinton places primary emphasis on economics. It is only logical that, in contrast to previous administrations, he is increasingly uncompromising. In response, Japan should commit itself to that which is feasible and deliver what it promises, but adhere to the principle that it will not agree to that which is not feasible. However, Japan confuses the situation by devious statements. Such attempts include subtle differences in language used in the Japanese and English versions of agreements. This is why Japan is called dishonest. Politicians are responsible for such conduct.

[Otani] Could you give us your view of Malaysian Prime Minister Mahathir's East Asian Economic Conference (EAEC) plan? It appears the United States is showing some interest.

[Ozawa] The EAEC plan isn't a bad idea. However, we must conduct a thorough discussion with the United States and make it understand that it will not result in an economic bloc. The United States should not oppose the idea as long as it is established as a part of the broad concept of the Asia Pacific Economic Cooperation (APEC). However, more than anything else, it is impossible to hold viable discussions unless Japan holds its own firm opinions. Yet, lack of any firm opinions on the part of Japan precludes it from making any sensible comments to the United States. Of equal significance is that the lack of firm opinions translates into refusal by the United States to become a party to any discussion with Japan.

[Otani] You mean to say that Japan has such a severe failure in thinking?

[Ozawa] Yes, I think so. There is the premise that a system of peace and free trade will be guaranteed in the Japanese environment for time immemorial. I believe even members of industry think that such a premise ensures continued growth in the economy despite modest fluctuations. This is what I do not understand.

It appears that this summer's extremely hot weather inspired comments that the economy is in good shape, but it is only natural that industrial production rises if consumption rises and that inventories are replenished after a period of inventory adjustment and production cuts of a considerable magnitude. That being the case, one is motivated to ask whether employment will rise and the economy will return to the previous good times.

However, even next year is expected to bring poor employment conditions. If the anticipated income of new graduates does not materialize, consumption will drop again. We are merely prolonging the existence of structural problems. Meanwhile, industrial hollowing continues to progress. The employment problem will continue to grow worse and we will fail to create new industries that can provide new employment. If we do not deal with such issues now, when will we face such issues?

Independent Thinking Took Place Only During the Meiji Era

[Otani] The focus of the Murayama cabinet's economic policies has been obscured. I believe if the approach calls for the public to shoulder the burden for future costs, the government should make that position clear. Even the Hosokawa government's public welfare tax concept seemed to be a cover for ulterior motives.

[Ozawa] Hosokawa's public welfare tax plan went over like a lead balloon because the SDPJ could not agree to a hike in the consumption tax. I was originally in favor of a 10-percent consumption tax; when it was presented as a 7-percent proposal, I felt that such an inadequate idea should be scrapped, but could not gain acceptance of the idea of complete rejection. However, what is the basis for the more recent plan to hike the consumption tax rate to 5 percent? The approach merely reinforces the trend toward a retrogressive tax system. If we fail to implement tax reform, we are not going to be able to provide fiscal resources to pour into social welfare or to benefit those in the low-income category. It is in this way that makeshift measures are taken to survive the pending situation. It is this approach of which I am critical. If we are speaking of everyday life, the folklore approach may be acceptable. However, when a country grows as much as Japan, I insist that makeshift measures and folklore no longer apply. We must clarify our actions so that any conclusions reached by Japan can be understood by outsiders.

[Otani] Would you say that this is the objective of election system reform?

[Ozawa] Some say that I am an "advocate of small electoral districts," but my vision is not so stunted. A political party that had opposed the security treaty until just yesterday suddenly begins to say, "Now, we're going to firmly adhere to the spirit of the security treaty." The Japanese might understand the situation. They'll figure that the Liberal Democratic Party [LDP] and SDPJ had maintained a collusive relationship anyway. However, this situation absolutely defies comprehension by foreigners. They cannot understand how a socialist party can join with the LDP, both psychologically and logically. That situation is basis for foreigners to conclude that Japanese must be treated with caution because they are a peculiar type of people. The disadvantages of such an impression cannot be compensated for with the gains of $10 billion in foreign trade.

If we implement the small electoral district system, we can eliminate ambiguity. It will become a matter of "yes" or "no." Japanese society shuns the black-or-white approach, but as a minimum politicians should clarify their positions and ideas. An increase in that type of politician will bring order to both political parties and government. This is why we have advocated the small electoral district system; it is not a simple case where all issues are resolved merely by establishing small electoral districts.

In any event, the foremost problem with Japanese is their tendency to dispose of all matters emotionally and irrationally. Even I myself have a tendency to treat routine daily matters based on personal obligations and in the spirit of folklore. If we should base political judgments on emotion, we will repeat our prewar mistakes. This is why we say we must refrain from such an approach. Politicians must now tell the public that we must shoulder the necessary burden to invest in the future now to preserve the current affluence and well being. We can say the same thing about diplomacy. We must not pursue a simple approach enshrouded in simple emotionalism.

[Otani] I do not feel that Japanese suffer from a lapse of their thought process from days bygone. During the Meiji Era, individual Japanese racked their brains to cope with the situation during the threat posed by the Japanese-Russian War. I assume that present-day Japan is endowed with an excess of affluence.

[Ozawa] Yes. It is a case where we need to cultivate individuals like Masayuki Akiyama, staff officer during the Russo-Japanese War, who developed the strategy to destroy the Russian naval fleet. I don't think there is any relationship to our current economic well-being. In essence, we are speaking of vision. We are speaking of the Japanese mentality. In the thousands of years of

Japanese history, it was only during the Meiji era that our leaders were aware of international society and engaged in nation-building based on a comprehensive vision. Subsequently, Japan did well for the duration of the Anglo-Japanese alliance, but the alliance was later repealed and Japan followed a path of self-complacency which led it to total self-destruction.

The problem remained the same even after Japan lost the war. The cold war enabled Japan to survive without any effort dedicated to an independent vision. Thus, the lack of an independent vision continued as a pattern from the Taisho era to this very day. However, it was different during the 45 years of the Meiji era. European and U.S. colonialism was a real threat, and the feeling of being threatened served as a motivation for the national revolution known as the Meiji Restoration. We are currently faced with a crisis that does not differ much from the situation in those days, but our long protected existence and recent affluence seems to have numbed our sensitivities. In reality, we need to effect a reform which equals that of the Meiji Restoration. I say that we must act fast; any further delay will cause us to suffer greater losses.

[Otani] Unfortunately, it takes an external shock like a natural upheaval or war to force us into taking action. This is not only true of Japan, but a globally historical fact.

[Ozawa] Yes. You are right. I have recently been hit by a feeling of despair and assumed the attitude that perhaps we'll learn our lesson if a real crisis should take place.

[Otani] In that sense, wasn't the suspicion of nuclear development in the Democratic People's Republic of Korea a case of "awakening the public from their peaceful slumber"?

[Ozawa] I had hoped that it would be the case. Presently, North Korea's shrewdness sticks out like a sore thumb. However, eventually, the time will come when the international community will have to make a resolute decision. When reality requires imposition of a naval blockade, what will Japan do? Japan has no emergency powers system. In this respect, if we attempt to cooperate with the U.S. forces, we will not be able to avoid a constitutional debate on so-called collective security, but the SDPJ has taken the lead in advancing a debate with our group on this matter.

[Otani] Be a "normal nation." Make military contributions towards that end. There are those who say that such an approach by Mr. Ozawa is sound as long as we act in cooperation with the United Nations, but there will come a time when Japan seeks an independent course of action. Therefore, there are those in the United States who say that your policy would be dangerous. What are your thoughts about this?

[Ozawa] Some individuals seem to think that I advocate building independent military power. Such an approach would be entirely impractical for Japan. To begin with, we lack the capability. The logical conclusion to unilateral militarism is military expansion. If it comes to the point where Japan cannot depend on other nations, there would be no limit on what would constitute adequate armament. Any argument for unilateral pacifism boils down to military expansion. I do not say that we need not maintain the capability to defend ourselves against missiles that fly in from North Korea. However, as long as the Japan-U.S. Security Treaty exists, why must Japan strengthen its defense capabilities independently? I advocate that we maintain a separate regular military force to serve the United Nations which can be deployed on short notice. I think such a force should be powerful as long as it is subject to deployment.

We quickly encounter rebuttals that the United Nations is far removed from the ideal situation, but we cannot move independently in a separate direction. Rather, Japan should play an active role in improving the situation at the United Nations.

Emancipate Ourselves From Serfdom to the United States

[Otani] We place the United Nations on top and position the United States as the axis for our diplomatic policies. I understand such an approach, but on the other hand, the United States now views Japan differently. Let's bypass Japan and deal directly with China... this is a view that I hear frequently. That approach is backed by the view that the Japanese economy has now passed its prime from a long-term perspective.

[Ozawa] Such a viewpoint exists openly in the United States. That is why Japanese are viewed as being all the more naive. The Japan-U.S. alliance still continues because the world situation dictates the logic of such an approach, but reasons for its existence are limited to that fact. Basically, the top echelons of the United States view Japan with the strict assessment of whether maintenance of relations with Japan is an advantage or disadvantage to the United States and they have no intention of maintaining the alliance for the benefit of Japan.

The United States will not assume an isolationist policy towards Europe. However, call it protectionism or isolationism, there is the potential that the United States will tell us that it has chosen to discontinue its relations with Japan. Once that happens, Japan will face complete turmoil. And Japanese diplomacy will face complete failure. As far as Japan is concerned, it must endeavor to convince the United States that Japan is an important ally and that it is a partner with which to share world leadership.

[Otani] Do we opt for independence as a means to avoid isolation? Is Mr. Ozawa misunderstood? The viewpoint exists in the United States that Mr. Ozawa will display his nature of a dyed-in-the-wool nationalist, based on his advocacy for Japan to become a normal nation.

[Ozawa] If I make this statement now, it may appear that I am contradicting my prior statements, but if Japan wishes to maintain normal relations with the United States, it must establish its independence.

No matter how far we go, Japan cannot become an equal partner of the United States in terms of influence. However, we must become its equal in terms of spirit.

If individuals in the United States say that I am a dyed-in-the-wool nationalist, I would assume they have the ulterior motive of keeping Japan in a serfdom to the United States. I have no intention of debating that prospect. However, I can unequivocally state that a master-serf relationship can never produce a true alliance. In substance, such a superior-inferior relationship must not be tolerated. A genuine alliance will call for independence on the part of Japanese and Japan. In essence, we have no choice but to think of our own destiny and act accordingly.

[Otani] You have inspired me to asking my next question. What are your thoughts on the Yasukuni Shrine and the imperial system?

[Ozawa] I see nothing wrong with foreign leaders visiting the Yasukuni Shrine, just as Japanese leaders visit Arlington cemetery. The reason such visits do not take place in Japan is that Japan has not resolved all issues relative to World War II. If we were to conduct an appropriate debate and clarify our position on the matter, we could ask foreign leaders to visit the Yasukuni Shrine beginning tomorrow.

I have no opinions on the imperial system. I consider myself a loyal subject.

Democracy Today Is Nothing More Than an Irresponsible System

[Otani] When asked in front of the U.S. President about your allegiance, you would answer that you are a loyal subject of the emperor and a faithful friend of the United States. You would be able to respond with pride this way. Is that the significance behind the independence of which you speak?

[Ozawa] It would be better to leave it unsaid. Whether or not I would speak of the emperor would be a matter of rhetoric. In essence, I would state that I am a citizen of Japan and that I exercise a boundless love for Japan. However, at the same time, I take pride in the fact that I am a genuine friend of the United States. This is what you can call an independent Japanese.

[Otani] The process of making and executing scrupulous decisions is not such a simple matter as presumed under popular democracy. I get the impression that you tend to accept philosophical politics in some respects.

[Ozawa] Let me explain. Conducting popular debate without making decisions is not democracy. Whether it be politicians or bureaucrats, they are not far removed from the public level. It is merely a case that, once elected, politicians must enhance their knowledge and qualify themselves to make independent decisions.

At issue here is that among politicians, we frequently have those who not only seek decisions made by bureaucrats, but blame them for decisions made. I feel that so-called democracy is a system in which politicians are called upon to make decisions at a given point and to assume responsibilities associated with such decisions. Popular debate must take place. However, when a consensus cannot be reached and failure to do so is not acceptable, a politician must make a decision on his own. If the decision proves to be wrong, he merely needs to make that admission. Such a process represents democracy, but today's Japanese system is not a popular democracy, but an irresponsible system.

* Editorial Views Dissolution of Japan New Party

952B0037A Tokyo MAINICHI SHIMBUN in Japanese 29 Oct 94 p 5

[Editorial: "Japan New Party: Dissolution Is Chance To Return to Original Aims"]

[Text] "The government is the sail, the people are the wind, the state is the vessel, and the era is the sea."

These are the words of 19th-century German critic Ludwig Berne, which then-Prime Minister Morihiro Hosokawa used at the conclusion of his keynote address to the extraordinary Diet session in September last year. His having cited them, as is, in their poorly digested tone of translation rather made us feel all the more their fresh animus.

The Japan New Party [JNP], which Hosokawa leads, will decide on dissolution at its party convention on 30 October.

It is an "evolutionary dissolution" looking toward the opposition (reformist) parties' forming a new-new party in December, and so is an anticipated action. Has not, regrettably, the "wind" that blew for the Japan New Party totally died down already?

It was a mere two and a half years ago, on 5 May 1992, that Mr. Hosokawa proclaimed formation of the party quite on his own.

It was a rash challenge, but evoked a big boom in the elections for the metropolitan assembly and the upper house, and it won more than 5 million votes and 35 seats in last year's general elections. Then Mr. Hosokawa himself became prime minister and recorded an unprecedented cabinet support rate of 75 percent right after launching his administration.

The Hosokawa cabinet took up long-pending matters one by one, such as the political reform that had been put off under the 1955 setup, catching the "wind" sent by the people to fill its "sails." But that "wind" turned into a headwind and may have died out about the time that he put forth the concept of a national welfare tax in February this year.

And, at about the same time the contradictions contained within the Japan New Party came to the surface.

May not the strangeness of this convention to dissolve the party, actually the first since the party's formation, speak eloquently of the essence of the Japan New Party?

The Japan New Party was Mr. Hosokawa's "private shop." With its lateral solidarity attentuated among such motley groups as his close associates from when he was governor of Kumamoto Prefecture, alumni of the Matsushita academy of politics and economics, and others who felt moved to rally around him, we have never even heard that any democratic decision of purpose was effected within the party. Everything was "on the authority of his lordship."

Aside from the time of favorable winds and full sails, the idealism of a new wind in Nagata-cho gradually faded, was pressed into the so-called "Ichi-Ichi line" [Ichiro Ozawa and Yuichi Ichikawa] by the new-new party concept and completely swallowed up.

The decisive thing was the scandal befalling Mr. Hosokawa himself and inevitably forcing his withdrawal; but that also may be called the bill for Hosokawa's having handled party finances single-handedly.

The party's condition ultimately brought on the desertion or defection of 11 Diet members; and in this paper's opinion polls the party support rate, 14 percent in September 1993, had fallen to 2 percent this past July.

It might be added that it was in the latter half of the Miyazawa cabinet's term that "support no political party" in opinion polls replaced the LDP as "the number-one party." Yet, the Japan New Party's emergence changed that situation, showing the correlation of "support for no political party" decreasing in inverse proportion to the rise in that party's support rate.

In short, the public's political energies, which had eddied about like magma with no place to go, had discovered in the Japan New Party a suitable outlet.

As high as expectations were, the disappointment is even greater. To the public, bleary-eyed from staring at Nagata-cho's messy political struggles, the Japan New Party must indeed have seemed like a savior. For it to have the curtain come down with its mission half accomplished is causing deep regret. Now the 5 million-plus votes that were hitched to the Japan New Party again seem to be drifting in space. Who the one will be to tie them down is not up to Mr. Hosokawa, but will be up to individual Diet members. With party dissolution as an opportunity, we would like to see them boldly return to their original aims.

North Korea

South's Military Provocations in DMZ Denounced

SK2311103794 Pyongyang KCNA in English 1028 GMT 23 Nov 94

[FBIS Transcribed Text] Pyongyang, November 23 (KCNA)—The South Korean puppets on Tuesday [22 November] stealthily introduced two 12.7mm machine guns in the Demilitarized Zone [DMZ] southeast of Mt. Oun in the eastern sector of the front and levelled them at the North side for hours, according to military sources.

They also sent some 100 heavily armed bandits to the DMZ area in the central sector of the front, inciting the war atmosphere.

Earlier, on Saturday about 60 armed bandits illegally found themselves in the DMZ area in the central sector of the front and went off into war hysterics.

Their repeated military provocations were a premeditated move of the Kim Yong-sam fascist clique to intentionally foster the North- South confrontation.

The South Korean puppets must squarely look at the situation and stop running riot.

Kim Yong-sam Criticized for Obstructing N-S Ties

SK2311045494 Pyongyang KCNA in English 0446 GMT 23 Nov 94

["Traitor Kim Yong-sam Denounced for Deteriorating Inter- Korean Relations"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 23 (KCNA)—Intolerable are the crimes committed by the traitor Kim Yong-sam, who has kept the door of North-South dialogue closed for one year and nine months and driven the inter-Korean relations to the worst phase at a time when the whole nation has been eagerly longing for the Reunification of the country.

NODONG SINMUN today says this, commenting on the crimes committed by Kim Yong-sam for his one year and ninth months in power.

The analyst says:

It is the blackest one of the crimes perpetrated by the traitor in his days in power that he had inter-Korean relations nosedived with the vicious anti-North confrontation policy and laid more grave obstacles and difficulties to national reunification.

The Kim Yong-sam group answered the sincere efforts of the North for the peace and peaceful reunification of the country with the anti-North confrontation and the resumption of the provocative Team Spirit nuclear war game with outside forces against the North, which resulted in bringing the situation to the brink of war.

The Kim Yong-sam group also totally froze North-South dialogue unilaterally and reduced the North-South agreement into a sheet of wastepaper, joining outside forces in their "nuclear clamour." The puppets desperately tried to mislead the situation so as to have "sanctions" taken against the North, clamouring about "the nuclear suspicion" against the North more feverishly than outside forces.

They, instead of expressing condolences over the unexpected misfortune of the North, committed such anti-ethical, anti-national crimes as directing guns at the fellow countrymen in the North overwhelmed with grief and brutally suppressing South Korean people who wanted to share the sorrow with them.

When the current of detente and peace was coming to the Korean peninsula after the talks between the Democratic People's Republic of Korea and the United States of America was concluded and the framework agreement adopted, the Kim Yong-sam group, in a bid to roll back the current, staged with outside forces the Eagle 94 joint military manoeuvres, a renamed version of the Team Spirit which was to be suspended, to create the atmosphere of confrontation and war and is now staging war exercises dubbed Hwarang against the North.

What is ridiculous is that Kim Yong-sam is now trying to make good impressions, while crying for "reconciliation" and "economic cooperation."

It is shameless and disgusting of the heinous enemy of dialogue and reunification to talk about "cooperation."

Kim Yong-sam, instead of crying for deceptive "cooperation" which cannot go down with anyone, must apologize to the people for all the anti-national, anti-dialogue and anti-reunification crimes he committed against the country and the nation during his days in power and promptly abolish the notorious "National Security Law" which bans North-South dialogue, contact and exchange.

The Korean nation will keep tabs on the blackest crimes of the Kim Yong-sam group that has driven the inter-Korean relations to the worst phase after coming to power.

Kim Yong-sam's Overseas Trip Denounced

SK2311050194 Pyongyang KCNA in English 0451 GMT 23 Nov 94

["Mendicant Trip of Flunkeyist Traitor"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 23 (KCNA)—MINJU CHOSON today comments on the sycophantic and anti-national mendicant trip of the traitor Kim Yong-sam of South Korea.

During his trip overseas some time ago, Kim Yong-sam told the U.S. President and the Japanese prime minister about the need to "further strengthen the cooperation system" and "maintain close cooperation" for a solution to the "nuclear issue."

The news analyst says:

Kim Yong-sam fully displayed his quality as a flunkeyist traitor, again asking "cooperation system" and "close cooperation" of outside forces. If he were interested in the resolution of the nuclear issue on the Korean peninsula, he should instead have demanded the withdrawal of all foreign nuclear weapons from South Korea.

He did not do what he had to, but only tried to harm fellow countrymen with the help of outside forces. His mendicant trip deserves nothing but criticism from the world people.

His flunkeyist and treacherous nature was fully revealed when he asked foreigners to play an "active role" for "inter-Korean economic cooperation and dialogue" during his trip.

Inter-Korean dialogue and economic cooperation are not matters that need others' help.

Judging from his call for others' "active role" in disregard to their scorn, Kim Yong-sam is completely out of his mind.

Frankly speaking, it was Kim Yong-sam who blocked North- South dialogue and economic cooperation.

Far from apologizing for his crime, Kim Yong-sam asked foreigners to help toward "inter-Korean economic cooperation and dialogue." This means, in the long run, giving a denial to economic cooperation and dialogue.

Thus, he showed by himself that he is a shameless derelict with no sense of responsibility, conscience or common sense and a flunkeyist traitor crazy about outside forces. (endall) 230451 scally/KCNA2309/CH520670.23/hc 23/0501

Hanchongnyon Delegate on Impressions of North

SK2311105494 Pyongyang KCNA in English 1044 GMT 23 Nov 94

["Hanchongnyon Delegate Vows To Fight for National Reunification"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 23 (KCNA)—The one million students of the South Korean Federation of General Student Councils (Hanchongnyon) will fight to the end for the independent and peaceful reunification of the country, bearing deep in mind the resourceful appearance of the fellow countrymen in the North who are advancing toward national reunification with the strength of singlehearted unity and courage, overcoming their sorrow, said delegate of Hanchongnyon Choe Chong-nam, co-director of the Secretariat of the National Federation of Youth and Students for the Country's Reunification (Pomchonghangnyon) and a student of Seoul National University, in his impressions of the North titled "I Go Back With Conviction of National Reunification" contributed to NODONG SINMUN today.

He came to Pyongyang on October 1 to attend the ceremony for the completion of the reconstruction of the tomb of King Tangun, the father of the Korean nation, and memorial services on the one hundredth day after the death of the great leader President Kim Il-song.

What impressed me most in the whole period of my visit to the North was the singlehearted unity of the fellow countrymen in the North around supreme commander Kim Chong-il, he says, and continues:

While touring various places of the North and meeting fellow countrymen in the North, I have come to know the secret of the singlehearted unity in overfulfilling production plans by 45 percent, not vacillation and confusion, in voices of determining to carry out the behests of President Kim Il-song, in performing miracles of bringing the United States to its knees and in advancing only along the road of victory.

The strength originated from the determination to implement the behests of President Kim Il-song, based on the mind of mourning over his death, and from the faith and determination to remain loyal to the centre of singlehearted unity as it can be seen in the words "there is nothing fearful for us as long as we are guided by General Kim Chong-il".

Every country has its leader and people. But I think that it is only in the North that the leader and the people are firmly united in one mind, the leader telling about the happiness of being blessed by the people and the people about the happiness of being blessed by the leader.

The result of the DPRK-U.S. talks inspired the fellow countrymen in the North with the conviction that "only victory is in store for us as long as we believe and follow General Kim Chong-il, and me with optimism of the final victory of the anti-American struggle which is gaining momentum in the South. [quotations as received]

Referring to the admirable fact that the order of the supreme commander to fulfill the behests of President Kim Il-song was issued in the North when the South "government" was frantically staging the "Eagle" military exercises, he says:

The North is a mass of vitality and resolution which has already overcome the sorrow.

Pointing to the ardent desire of the fellow countrymen in the North for reunification, he notes:

What I have felt in the North since the passing away of President Kim Il-song is the retrospection of his tireless efforts in his lifetime for reunification, coupled with the vehement indignation of the fellow countrymen in the North at the Kim Yong-sam "regime", the anti-reunification force in the South.

I will never forget the children in the North singing of reunification and students and mothers of reunification remembering the students of the South fallen in the struggle for independence, democracy and reunification.

The northern fellow countrymen's conviction of national reunification is based on their mind of cherishing the memory of President Kim Il-song who had devoted all his energies to the reunification of the country as well as their belief that supreme commander Kim Chong-il who has upheld the intention of President Kim Il-song with utmost respect and remained loyal to him will also implement the behests of the president in the van with highest fidelity.

The North which startled the world with the bitterest sorrow at the loss of President Kim Il-song, the North which I saw now when one hundred days and four months have passed since then, is startling the world with tremendous strength and courage, not sorrow.

I keenly felt that the nation will never tolerate the Kim Yong- sam "regime" which had mangled the hearts of the fellow countrymen, expecting some vacillation in the North.

Choe Chong-nam stresses that he will always remember the firm determination of the fellow countrymen in the North to achieve reunification at any cost, their longing for the people in the South and their thinking inspiring and encouraging of Hanchongnyon as sons and daughters of the nation.

Repatriation of Unconverted Prisoners Demanded

SK2311102494 Pyongyang KCNA in English 1018 GMT 23 Nov 94

[FBIS Transcribed Text] Pyongyang, November 23 (KCNA)—A political party and organisations of different countries recently released statements demanding the repatriation of old Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners of South Korea, to the North.

The Democratic Renovation Party of Portugal in a statement said that the desire of old Kim In-so, Ham Se-hwan and Kim Yong-tae to return to the northern half of Korea where there are their families is a matter of elementary human rights which nothing can bar and put down, and strongly demanded the South Korean authorities send them back to the North without delay.

The Guyanese National Committee for the Study of the Chuche Idea of Comrade Kim Il-song in a statement said that the unconverted long-term prisoners earnestly wish to return to the bosom of the great leader Comrade Kim Chong-il and live the rest of their life together with their families and relatives and strongly demanded their unconditional and immediate repatriation.

In its statement, the Nepalese Committee for Supporting Korea's Reunification expressed indignation at the fact that the three unconverted long-term prisoners were forced into prison life for scores of years and are not receiving any help in life, old and sick as they are, due to the unconscionable and heinous human rights violations of the South Korean authorities, and strongly urged the South Korean authorities to send them back at an early date to the northern half of the country where their families and relatives are awaiting them.

South Koreans Urge Punishment of 12 Dec Plotters

SK2311101894 Pyongyang KCNA in English 1010 GMT 23 Nov 94

[FBIS Transcribed Text] Pyongyang, November 23 (KCNA)—More than 200 members of the May 18 Kwangju Popular Uprising Federation of South Korea and other dissident organisations in Kwangju and South Cholla Province held a meeting in Seoul on November 21 and demanded a strict punishment upon those involved in the "December 12 incident" of 1979, according to a report.

They came out to the street to pay a protest visit to "Chongwadae" [presidential offices] and staged a long-hour demonstration, clashing with police.

Meanwhile, representatives of the opposition Democratic Party and dissident organisations of religious, judicial, literary and art and academic circles held a joint press conference and an explanatory meeting in Taejon on November 19 and demanded Kim Yong-sam pass a due judgment on the prime movers of the "December 12 incident".

ROK Reportedly Uses NSL To Maintain Power

SK2311043394 Pyongyang KCNA in English 0420 GMT 23 Nov 94

["More Undisguised Fascist Tyranny"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 23 (KCNA)—The Kim Yong-sam fascist clique demanded a death sentence to An Chae-ku who had conducted patriotic activities for independence, democracy and reunification in South Korea and arrested chairman of the Kwangju and South Cholla Provincial Federation of General Student Councils Yang Tong-hun and many other youth and students, invoking the "National Security Law" [NSL].

The facts show that the Kim Yong-sam fascist clique is desperately trying to tide over the crisis of the "government" and keep power by means of smashing the patriotic and democratic forces for reunification with the "National Security Law".

The point at issue is the "National Security Law", an unprecedentedly evil law allowing the arbitrary arrest of any guiltless man.

A large number of people who demanded the independence and democratization of South Korean society died on the scaffold by this fascist law.

Therefore, international human rights organisations as well as the U.S. Administration strongly called for its abolition, but the Kim Yong-sam fascist clique is cracking down upon the patriotic and democratic forces for reunification more brutally, saying it cannot abolish the law.

The Kim Yong-sam fascist clique is trying to cope with the crisis of the "civil government" by pursuing the "new security-oriented rule" by dint of the "National Security Law", but this means it takes its own life.

20 Nov U.S. Aerial Exercises Reported

SK2311042894 Pyongyang KCNA in English 0416 GMT 23 Nov 94

[FBIS Transcribed Text] Pyongyang, November 23 (KCNA)—The U.S. imperialist warmaniacs November 20 sent some 30 fighter bombers, assault planes and air-refueling tankers from overseas bases to the sky above South Korea to stage a provocative long- distance aerial mobile exercise against the North and brought about 10 large transport planes laden with lethal equipment and combat materiel from Pacific bases to the U.S. Airforce bases in South Korea, according to military sources.

The South Korean puppets introduced 6 military trucks carrying ammunition and shells into Sohwa-ri, Inje County, a forefront area, on November 21 and some 100 bandits of the puppet army in full combat array were in a war frenzy in Ogum-ri, Paju County, on November 19.

Groups of heavy tanks of the puppet army fired some 90 shells toward areas nearby the Demilitarized Zone on November 19 and armed bandits of the puppet army deployed on nameless heights north of Kangsan-ri and Chungse-ri, Chorwon County, South Korean Kangwon Province, fired about 700 large calibre machine-gun bullets on November 20.

Japan's Acceptance of Ulsa Treaty Denounced

SK2311101394 Pyongyang KCNA in English 1008 GMT 23 Nov 94

["Sophism To Justify Colonial Domination"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 23 (KCNA)—A Japanese representative openly blared at a forum of the United Nations on November 17 that he did not think old Japan-Korea "treaties" including the "Ulsa Five-Point Treaty" were invalid.

Commenting on this, an analyst of NODONG SINMUN today says:

The utterances of the Japanese representative are a wanton distortion of the stark historical fact and a shameless sophism to justify the Japanese imperialists' illegal occupation of Korea and colonial domination over it.

The "Ulsa Five-Point Treaty" framed up by the Japanese imperialists on November 17, 1905 was a false document which was forged by means of swindle and fraud in flagrant violation of the then national laws of Korea and the international law.

The original of the "Ulsa Five-Point Treaty" which was discovered two years ago has neither approval nor signature of the then Korean Emperor Kojong, still less the affixing of the seal of state and the name of a treaty.

Materials proving this fact were discovered in the North and South of Korea, the United States and other regions in succession in recent years.

The stark historical fact proves irrefutably that the "Ulsa Five- Point Treaty" was a false document which was unilaterally faked up and published by the Japanese imperialist aggressors and which took no effect from the outset in view of the international law.

The forgery of the Japanese imperialists who declared the signing of a "treaty" which had not been concluded is the most disgraceful fraud of the state of Japan with no equal in the history of diplomacy.

The Japanese authorities have the face to argue the effectiveness of the old "treaties". This shows that their mode of thinking originates from that of their predecessors who occupied Korea and enforced a colonial rule over it. What they seek in this is to evade their obligation for apology and reparation for their past crimes by justifying the 40-odd-year occupation and colonial rule over Korea. The attempt to justify the crime-woven past is an expression of the dangerous intention to repeat the history of aggression.

The harder the Japanese authorities try to justify the past aggressive acts with the argument about the effectiveness of the old "treaties", the more clearly they will reveal their aggressive and shameless nature.

Forgers of history will certainly have to pay for their crimes.

Panov Cited on Restoring North-Russia Relations

SK2311100494 Pyongyang KCNA in English 1001 GMT 23 Nov 94

["Russian Vice-foreign Minister on Restoration of Relations With Korea"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 23 (KCNA)—Aleksandr Panov, vice-foreign minister of the Russian Federation, said in a meeting of the Foreign Policy Council of the Foreign Ministry on November 15 that Russia has begun to restore the relations with the Democratic People's Republic of Korea which were in a stagnation.

This is of extreme importance in ensuring security of the Korean peninsula, he stressed.

WPK Friendship Delegation Returns From PRC

SK2311121294 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 20 Nov 94

[FBIS Translated Text] A friendship delegation of the Workers' Party of Korea [WPK] led by Yi Yong-su, deputy director of a department of the WPK Central Committee, returned home today by train from a visit to the PRC.

At the Pyongyang Railway Station, the delegation was greeted by Pak Kyong-son, deputy director of a department of the WPK Central Committee, and a councilor in the PRC Embassy in our country.

Iranian Government Economic Delegation Departs

SK2311121394 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 19 Nov 94

[FBIS Translated Text] An economic delegation of the Iranian Government led by Mohammad Reza Veza, vice minister of the cooperatives, returned to its home country by airplane on 19 November.

At the airport, the delegation was seen off by Cho Won-yong, vice chairman of External Economic Committee, and Seyyed Morteza Mirheydari, ambassador of the Islamic Republic of Iran to our country.

Uzbekistan's IKA Holds Anniversary Meeting

SK2311102194 Pyongyang KCNA in English 1014 GMT 23 Nov 94

[FBIS Transcribed Text] Pyongyang, November 23 (KCNA)—The International Korean Association [IKA] (Unity) held an enlarged meeting of its Standing Committee in Tashkent, Uzbekistan, on November 18 on the occasion of its fifth founding anniversary.

At the meeting the message of thanks of the dear leader Comrade Kim Chong-il to all the people for their deep condolences on the death of the great leader President Kim Il-song was conveyed and a resolution vowing to repay his thanks with loyalty was adopted.

In his report Kang Il, chairman of the IKA (Unity), reviewed the proud achievements made by the association over the past five years under the deep loving care and wise guidance of the great leader and the dear leader and set tasks to further expand and strengthen the association in compliance with the changing situation and developing reality and reunify the country in the '90s wit[illegible]ail.

The meeting discussed the organization of the Third International Art Festival and other items on the agenda and adopted an appeal calling on all the organizations of the National Alliance for the Country's Reunification and all the Koreans overseas to make efforts to have Kim In-so, Ham Se-hwan and other old unconverted long-term prisoners sent back to the North.

Kazakhstani Socialist Party Delegation Arrives

SK2211233194 Pyongyang KCNA in English 2206 GMT 22 Nov 94

[FBIS Transcribed Text] Pyongyang, November 22 (KCNA)—A visiting group of the Socialist Party of Kazakhstan headed by its Co-chairmen P.V. Svoik and G.K. Aldamzarov [names as received] arrived here today.

Bangladesh Party Leader Praises Korean People

SK2211232994 Pyongyang KCNA in English 2201 GMT 22 Nov 94

[FBIS Transcribed Text] Pyongyang, November 22 (KCNA)—"President Kim Il-song was the great leader who had performed undying feats for the times and history," said Manzur Hossain, member of the C.C. [Central Committee], the Bangladesh Nationalist Party and member of the parliament.

Giving his impressions of Korea in an interview with a reporter here prior to his departure, Manzur Hossain said:

"The resourceful and intelligent Korean people have made signal achievements in industry, agriculture, science, culture and all other fields, remaining loyal to the leadership of the party and the leader.

"It is impossible to see in Korea those pessimistic of life. All the people are attached to their job and are in a great pleasure, enjoying great happiness in life".

The Korean people's achievements are unthinkable apart from the great leadership of President Kim Il-song, he said, adding: "Though the president passed away, he is alive in the hearts of the people."

He noted that the Korean people are now working hard to build their fatherland into a more developed and dignified country, faithful to the leadership of his excellency the dear leader Kim Chong-il.

Russians Honor Memory of Kim Il-song

SK2311044294 Pyongyang KCNA in English 0428 GMT 23 Nov 94

[FBIS Transcribed Text] Pyongyang, November 23 (KCNA)—A Russian fishery delegation led by Yu.I. Moskaltsov [name as received], director of the Far Eastern Fisheries Department of the Fishery Committee of the Russian Federation, laid a wreath before the statue of President Kim Il-song on Mansu Hill in Pyongyang on Tuesday and paid a silent tribute to his memory.

The head of the delegation said that the name and the affectionate image of President Kim Il-song, the leader of the Korean people and a great friend of the world's people, would remain forever in the hearts of the Russian and the world's people.

"We wholeheartedly hope that the Korean people will change their sorrow into strength and register success in the work, closely rallied around the Workers' Party of Korea," he said.

Foreign Parties Send Messages to Kim Chong-il

SK2311042194 Pyongyang KCNA in English 0413 GMT 23 Nov 94

[FBIS Transcribed Text] Pyongyang, November 23 (KCNA)—The dear leader of our party and people Comrade Kim Chong-il received messages of solidarity from Chairman of the Central Committee of the Nepal Worker-Peasant Party Narayan Man Bijukchhe, chairman of the Central Committee of the Nepal United People's Front Niranjan Govind Vidya, Chairman of the People's Front of Workers, Peasants and Students of Peru Genaro Ledesma Izquieta and Chairman of the Central Committee of the Czechy-Morava Communist Party Miroslav Grevenicek in connection with the adoption of the DPRK-USA agreed framework.

The messages extended warm congratulations to Comrade Kim Chong- il on the publication of the DPRK-USA agreed framework.

The messages stressed that the publication of the agreed framework is the result that the great leader of the Korean people President Kim Il-song and His Excellency Kim Chong-il have wisely led the Korean people and this is the victory of the Korean people in plain terms.

The adoption of the agreed framework is an important progress in consolidating the peace and security of the Korean peninsula and a great contribution to ensuring peace in Asia and the world, said the messages.

The messages sincerely wished Comrade Kim Chong-il a long life in good health.

Solidarity messages also came to him from the Bulgarian Communist Party (Marxists), the renewal Communist Party of Bulgaria, the Central Committee of the Bulgarian Worker-Peasant Party and the Political Executive Committee of the Socialist Party of Kazakhstan in connection with the publication of the DPRK-USA agreed framework.

Koreans in Japan Publish Kim Chong-il Biography

SK2311044194 Pyongyang KCNA in English 0422 GMT 23 Nov 94

[FBIS Transcribed Text] Tokyo, November 21 (KNS-KCNA) [dateline as received]—The Central Standing

Committee of the General Association of Korean Residents in Japan (Chongnyon) recently compiled and published the book "Brief Biography of General Kim Chong-il."

The book chronologizes the history of the revolutionary activities of the dear leader Comrade Kim Chong-il who is performing shining exploits for the country and the nation.

The brief biography deeply describes the historical facts that Comrade Kim Chong-il has wisely led the struggle for the cause of the national reunification and further development and strengthening of the Movement of Koreans in Japan.

Kim Chong-il Receives Gifts From Abroad

SK2311043794 Pyongyang KCNA in English 0426 GMT 23 Nov 94

[FBIS Transcribed Text] Pyongyang, November 23 (KCNA)—The dear leader Comrade Kim Chong-il received plants from different countries as gifts.

The gifts were presented to him by Eric Trevett, general secretary of the Central Committee of the new Communist Party of Great Britain; Alejandro Cao De Benos, chairman of the September 9 Andalucia-Korea Friendship Association of Spain; Andrzej Schultz, director of the Polish side to the Gdynia branch office of the Korean-Polish Shipping Co, Ltd., and the members of the company; Mikiko Motohashi, member of the 7th Japan-Korea friendship visiting group of Japan; and a delegation of the parliamentary group for Russia-Korea friendly relations.

included in the gifts are flower roots and seeds of more than 50 species such as sweet pea, primrose, gladiolus gandavensis houtt, rose, lobelia, common hyacinth and tulip.

The general secretary of the C.C. [Central Committee], the new Communist Party of Great Britain said: I prepared the gift, hoping that Comrade Kim Chong-il will always be in joy and glory with my mind becoming a beautiful flower and flavour. I will wage an active movement to rebuild socialism with him as the leader of the world revolution and the international communist movement.

People's 'Pledge' To Uphold Kim Chong-il Noted

SK2311103294 Pyongyang KCNA in English 1026 GMT 23 Nov 94

[FBIS Transcribed Text] Pyongyang, November 23 (KCNA)—The song "We Pledge" is sung by the Korean people.

The song which was composed in recent days represents the conviction and pledge of the Korean people to uphold the leadership of the dear leader Comrade Kim Chong-il, firmly united around him, true to the behests of the great leader President Kim Il-song.

"I firmly believe that you will vigorously struggle for the accomplishment of the socialist cause, the revolutionary cause of chuche, upholding the leadership of Comrade Kim Chong-il with loyalty."

It is the highly important instructions left by respected President Kim Il-song to the Korean people.

Dear Comrade Kim Chong-il with literary and military accomplishments and loyalty and filial piety is the great leader of the Workers' Party and people of Korea who, regarding the inheritance and accomplishment of the revolutionary cause of chuche as his lifelong task, is wisely leading our revolutionary cause as thought and intended by President Kim Il-song.

The leadership of Comrade Kim Chong-il is a banner of invincibility of the Korean revolution and a fundamental guarantee to brilliantly inherit and accomplish the cause of our socialism.

The song reflects the firm pledge of the Korean people to build a rich and strong country and further glorify our socialist system by carrying out the behests of respected President Kim Il-song.

The great leader devoted his whole life to the prosperity of the country and happiness of the people.

He energetically guided the work of different fields of the national economy till the last moment of his life so that our people may lead a better life.

Today the entire Korean people are effecting a new upsurge in the construction of the socialist economy to brilliantly realise his will.

The song conveys the revolutionary will of the Korean people to become rifles and bombs and fortresses and shield defending comrade Kim Chong-il with their lives.

The people who keenly feel the precious value of the leader amid their sorrow at the loss of the fatherly leader clearly realize that the destiny and future of the country and nation depend on defending supreme commander Comrade Kim Chong-il with their lives.

It is the firm conviction of the Korean people that they will win in any storm and stress only when they advance along the road indicated by the dear leader, under his leadership. This conviction is deeply rooted in their hearts after their long struggle.

Therefore, the Korean people pledge themselves to uphold Comrade Kim Chong-il forever and be more loyal and filial to his leadership than they were to the great leader.

Pyongyang Municipality's Industrial Output Up

SK2211233094 Pyongyang KCNA in English 2205 GMT 22 Nov 94

[FBIS Transcribed Text] Pyongyang, November 22 (KCNA)—Production is growing up at industrial establishments in Pyongyang municipality of Korea.

According to data available, the city's industrial output value jumped up by 25 percent in the first 20 days of this month as against the same period of the previous month.

In this period the Pyongyang thermal power complex and the east Pyongyang thermal power plant boosted the production of electricity and steam 20 percent by operating the equipment at full capacity.

The Hukryong coal mine overfulfilled its daily plan by 20 percent.

The Pyongyang hose factory raised its industrial output value three times by keeping the production in a high and steady rate.

The Tongdaewon garment factory and the Pyongyang Songyo garment factory markedly boosted the garment production while saving much cloth after introducing new technical innovation proposals.

Besides, daily assignments have been carried out at above 110 percent this month at many industrial establishments including the Sunghori cement factory, the Mangyongdae machine tool factory and the Pyongyang footwear factory.

Local industrial establishments in Tongdaewon district and Chunghwa County turned out consumer goods in larger quantities than the plan by tapping all inner reserves.

South Korea

Han: No Renegotiation of North-U.S. Accord

SK2311073794 Seoul YONHAP in English 0730 GMT 23 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 23 (YONHAP)—Foreign Minister Han Sung-chu said Wednesday [23 November] the recent North Korea-U.S. nuclear agreement would not be renegotiated or scrapped even though a group of Republican Senators and Representatives is urging that the pact be reviewed.

He made the prediction while briefing the ruling Democratic Liberal Party's Executive Council on the results of President Kim Yong-sam's trip to Southeast Asia and Australia earlier this month.

Han remarked, "Some Congressmen from the Republican Party, I think, are aware that renegotiating or scrapping the nuclear pact with North Korea is unrealistic, though they are not satisfied with the agreement. But there is a strong possibility that they will introduce a House resolution or hold a House hearing to press for Pyongyang's thorough implementation of the pact."

It is a general rule in U.S. politics that the administration makes and carries out foreign policy, he noted. "The Congress can make an issue of foreign policy when it involves taxpayers' money and the Congress could hardly review a signed international pact."

Renegotiating the pact seems highly unlikely, but should such a case arise the situation on the Korean peninsula would become unstable, he said.

In the United States, the administration has the right to make foreign policy, and a Congress carrying weight in foreign policy-making would pose problems for the administration's in-house policy coordination, he remarked, adding the Congress should therefore approach the nuclear pact issue guardedly.

Minister Reports on Summit With Japanese, U.S.

SK2311030594 Seoul YONHAP in English 0252 GMT 23 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 23 (YONHAP)—Foreign Minister Han Sung-chu said Wednesday that the leaders of South Korea, the United States and Japan, at their recent tripartite talks held prior to the Asia-Pacific Economic Cooperation (APEC) summit in Indonesia, reconfirmed that inter-Korean dialogue has to resume and South-North relations must improve to allow for full implementation of the Washington-Pyongyang nuclear agreement.

Han made the remarks in his report to the ruling Democratic Liberal Party (DLP) Executive Council on the outcome of President Kim Yong-sam's tour of the Philippines, Indonesia and Australia and his attendance of the APEC summit.

The three heads of state agreed to maintain close consultations on their respective North Korea policies and on implementation of the nuclear accord, Han said.

U.S. President Bill Clinton and Japanese Prime Minister Tomiichi Murayama, welcoming the steps Seoul has taken for inter-Korean economic cooperation, said they would create positive conditions for the resumption of dialogue between the two Koreas, the foreign minister reported.

Han noted in particular that Chinese President Jiang Zemin stressed the importance of inter-governmental contacts to improve South-North Korean relations, and understood Seoul's stance on inter-Korean dialogue and economic cooperation.

The DLP Executive Council heard reports from Trade, Industry and Energy Minister Kim Chol-su and Science and Technology Minister Kim Si-chung as well.

Touching on the Bogor declaration calling for free trade by the year 2020, Kim Chol-su said his ministry will "work out the scope, targets and schedule of trade liberalization in the region in close coordination with other related administrative agencies."

Kim Si-chung told the Executive Council that his ministry will strive to conclude atomic power cooperation agreements with the Philippines and Indonesia and a science and technology cooperation agreement with Australia upon reaching final accord on the text of the bilateral agreements and taking other necessary procedures.

Accord Reached on Reactor Model

SK2311074994 Seoul YONHAP in English 0740 GMT 23 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 23 (YONHAP)—South Korea, the United States and Japan have agreed to specify in the nuclear reactor contract with North Korea that the reactor model must be the same as those used in South Korea, officials said Wednesday.

Seoul had once considered setting down the reactor type as "CE-80K," a model number unique to South Korean light-water reactors, but decided against it since this would make the reactor type sound more like a product from the U.S. company Combustion Engineering, the officials said.

North Korean and American experts meet in Beijing from Nov. 30 to discuss the 4-billion-dollar reactor project, and the officials predict rough sailing since Pyongyang is unlikely to accept such clear wording that the reactors must be from South Korea.

The agreement among Seoul, Tokyo and Washington says the contract should stipulate that the reactors are the "same models as the Ulchin Nos. 3 and 4" of South Korea, leaving no room for different interpretations.

The three countries plan to meet again sometime in mid-December after their first session last week and include this provision in the draft contract.

North Korea and the United States aim to sign the contract by April 21.

North-Japanese Economic, Diplomatic Ties Viewed

SK2311013394 Seoul YONHAP in English 0126 GMT 23 Nov 94

[FBIS Transcribed Text] Beijing, Nov. 23 (YONHAP)—While Western companies are looking to advance into North Korea after the U.S.-North Korean nuclear settlement, Pyongyang will not allow Japanese firms to do likewise until the two nations normalize diplomatic ties, a Korean-Japanese businessman said Tuesday.

The businessman, who visited Pyongyang recently to study its economic potential, said he confirmed that North Korean authorities have fixed a principle of "diplomatic normalization first, then economic cooperation" in improving relations with Japan.

"This principle might be part of the North's negotiating strategy to maximize the scale of Japan's reparations for its colonial rule (1910-45) of Korea and to seek an early conclusion of normalization of ties at the same time," he said. As a result, Japanese firms may lag behind other nations including South Korea which are pursuing advancement into the North, he said.

Meanwhile, Pyongyang and Tokyo reportedly held a secret high- level meeting in Beijing in late August to discuss establishment of diplomatic relations, informed diplomatic sources here said.

The consultations apparently involved North Korean Vice Foreign Minister Song Ho-kyong and an unidentified vice minister-level official from Japan's Foreign Ministry from Aug. 31 to Sept. 1. At the two-day meeting, the two sides neared agreement on some form of Japanese compensation, the sources said.

The sources added that the Japanese official said Tokyo was ready to supply economic assistance to Pyongyang with the opening of ties and the North's vice foreign minister responded positively. On this basis, the two sides are reportedly continuing behind-the-scenes talks through such channels as the United Nations representative office.

Business Group's DPRK Strategy Analyzed

SK2311085494 Seoul SISA JOURNAL in Korean 24 Nov 94 pp 22-23

[Article by Kim Pang-hui: "Underlying Interests of ROK Enterprises in Their Advance Into North Korea"]

[FBIS Translated Text] With the disclosure of the government's policy of supporting North Korea in building a light-water reactor, enterprises have become busy looking for ways to advance into North Korea. Hyundai, Daewoo, and Ssangyong Construction Companies have begun contacting foreign enterprises. It has also been learned that the Hyundai Group has already begun negotiations with the U.S. Westinghouse Company regarding technical cooperation on the nuclear power plant facility.

There are two reasons that enterprises are taking an interest in the work to build the light-water reactor. First of all, they will have an opportunity to make frequent and free contact with the highest levels of North Korean leadership once they participate in building the light-water reactor. A relevant person of a North Korean affairs section of a conglomerate group, which is interested in this project, stated: "The cardinal reason for investing in North Korea, is to come into contact with high-level North Korean officials. This is valuable and cannot be bought with cash."

This grand project which is to be built with a total capital of $4 billion, will take approximately ten years for completion. This attracts people's attention. While domestic enterprises will not divulge the total estimated cost of the project that is to be carried out under the leadership of an international consortium, it is certain that with the technological know-how in building the Korea-model reactor, they will absorb a sizable amount of the project cost. Domestic construction circles predict that the bidding price for the project will amount to approximately one trillion won.

The international cooperation system and our government's specific plans for the project, however, have yet to be disclosed. Why are the conglomerate groups rushing toward economic cooperation with North Korea like a car without brakes, or counting chickens before they are hatched?

Contract First, Invest Later

To understand this, we should first consider the conglomerate groups' conception of North-South economic cooperation. Beneath their busy activity, there is something that cannot be explained by mere political or economic logic. This is just the logic of the conglomerates. They have struggled fiercely to stake claims in various businesses, but now they are competing with each other to be the first to move into North Korea. A relevant person of a group's North Korean affairs department stated: "This is an act of staking claim before others do." While enterprises pursuing joint ventures with North Korea initially promised to delay making practical investments in North Korea until a systematic safety mechanism was formulated, they have since decided to quickly carry out operational work, including the signing of contracts. This is an unwritten law among enterprises.

Such acts by the conglomerate groups clearly show differences between facts that have already been disclosed and the truth regarding North-South economic cooperation.

A person in charge of North Korean affairs at a conglomerate group, who wants to remain anonymous, stated: "Our enterprises have believed that the projects with North Korea for which they made provisional contracts were successful up to date, but no works have earnestly induced investment from our enterprises. Furthermore, they are now considering the economic effectiveness of the works. It is likely that they will invest in North Korea around April of next year after receiving approval from their chairmen. However, the media have regarded the conglomerate groups' plans for investment in North Korea as a contract, and defined provisional contracts as actual investments. Also, the news coverage by enterprises, which regard a specified work as their own possession, has created another misunderstanding between people regarding the business circles' hesitant moves toward North Korea.

The classification of the North Korean Affairs section in each conglomerate group within its general corporation or secretariat, has yet to be confirmed. Some conglomerate groups have their Chinese affairs sections dealing with North Korean affairs. There are a small number of these sections. Also, what they are doing is just to call to other unidentified parties. Some persons working in the North Korean affairs sections have stated that "they want to leave these sections because of their failure to reach goals set by their companies." Also, some working figures of the groups are making trouble with their management regarding work procedures.

As disclosed in the work to provide supplies for building the light-water reactor, the key to investing in North Korea is to meet directly with high-level North Korean officials or to visit North Korea. Chairmen of the conglomerates should have to do this job. In addition, chairmen of domestic conglomerate groups have made frequent attempts to meet with North Korean figures in Beijing, China, following the settlement of the North Korean nuclear issue. Because of this, some North Korean affairs sections of the conglomerate groups made cynical remarks indicating that "secret visits to Beijing by chairmen are a part of the North-South economic cooperation process."

They Often Visited Japan To Learn From the Experience of Businesses Belonging to the General Association of Korean Residents in Japan [Chongnyon].

Contacts between the chiefs of the business conglomerates and North Korean figures are made secretively. Because of this secretive nature, their visits to the North sometimes remain a mystery. When the local press recently reported Daewoo Group Chairman Kim U-chung's visit to the North, Deputy Prime Minister Yi Hong-ku of the National Unification Board [NUB], which approves business applications to contact North Korean residents, tried to confirm it himself through an intelligence agency. The reply he received from the head of the intelligence agency was: "I do not know either."

Although they do not talk about it openly, there is another factor which further intensifies the psychological competition among the business conglomerates. In other words, the object which the business conglomerates are scrambling for is not merely a joint venture with North Korea.

Since the ultimate objective of the joint venture is profit, North Korea is a thorny partner. Judging from this aspect of business management, our businesses have little reason to hasten practical investment in the North.

Since the settlement of the North Korean nuclear issue, working- level officials from the business conglomerates' North Korean teams frequently visit Japan. Their objective is to learn about economic cooperation from the Chongnyon businesses engaged in joint ventures in North Korea. Almost all joint ventures were either confiscated by or donated to North Korea in the form of a "patriotic gift." Some Chongnyon firms have virtually given up their joint ventures. Most of the 56 joint ventures are inoperative. Approximately 15 firms are in operation, of which only three or four are making a profit, according to the business conglomerates' working-level officials who visited Japan.

The managerial problems the joint ventures encountered in doing business with North Korea, as noted in the reports of the working- level officials, were as follows:

They had many complaints about North Korea's noncompliance with contracts. Without regard to an agreement, the North Koreans operated the company unilaterally according to party policy, and frequently changed the management personnel. They often came up with new demands, or demanded amendments to the agreement.

Because North Korea frequently removed company personnel, they had to assign twice as many employees as would normally be needed. They trained North Korean skilled labor for the company, but the North Koreans removed them at random.

Because they paid wages to the workers in North Korean currency, the workers had no incentive to work hard, nor were they loyal to the company.

North Korean workers lacked the concept of goods and cost, so it was difficult to produce the precise goods desired, and there often were wide gaps of misunderstanding.

The life of the Chongnyon workers stationed in North Korea was like that in prison. It was totally impossible for them to enjoy recreations or hobbies.

In the short run, one should not anticipate making a profit from joint ventures in North Korea.

These are the problem points raised in the report.

Then what advantages do our businesses anticipate by advancing into the North? The answer lies in the moves of the Japanese firms who are exploring ways to advance into the North. The Japanese firms are planning to connect their business opportunities with the payment of compensation to North Korea in case the compensation issue is raised in full-fledged discussions on establishing diplomatic relations between Japan and North Korea. In other words, they think the Japanese Government will set conditions on North Korea, demanding that Japanese firms be given the opportunity to do business in North Korea if the Japanese Government pays compensation to Pyongyang. Likewise, ROK business conglomerates have developed a strategy stating they will secure vested rights with North Korea to do business in the North if the government conducts full-fledged economic exchanges and cooperation with North Korea and gives North Korea credit loans. The logic of the business conglomerates that they should not be outdone by others in advancing into North Korea should be scrutinized to see whether this logic conforms to acceptable economic and political logic.

North Delegates in PRC Study South Industry

SK2311102894 Seoul YONHAP in English 1010 GMT 23 Nov 94

[FBIS Transcribed Text] Beijing, Nov. 23 (YONHAP)—North Korea has begun looking into the conditions of individual South Korean industries in an apparent prelude to full-fledged business dealings with South Korean firms, Western sources here said on Wednesday [23 November].

The sources who come in contacts with senior North Korean officials often said North Korea had secretly sent a group of officials of the Koryo People's Industrial Development Council and some other organizations to Beijing to study the conditions of South Korean industries.

The Industrial Development Council is a North Korean conduit for economic and trade dealings with South Korea.

The sources said that contrary to its formal rejection of the South Korean offer for inter-Korean economic cooperation, North Korea has in reality made moves to positively induce South Korean firms.

The areas North Korea hopes to know in particular are the method of South Korea-China trade dealings and the financial conditions and project ability of individual South Korean industries, they said.

One source, quoting a General Bureau director of the North Korean External Economic Commission, said North Korea is prepared to allow South Korean industries into the Najin-Sonbong Free Trade Area at any time.

A fact-finding team has also been sent to Europe to prepare for Western industries' advancement to North Korea parallel with the phased opening of North Korea, the source added.

U.S. Firm Seeks Royalty for Light-Water Reactor

SK2111125194 Seoul YONHAP in English 1203 GMT 21 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 21 (YONHAP)—An American firm that holds knowhow on the Korean-type light-water reactor set to be built in North Korea, is asking South Korea for royalty over the reactor project, a source in Seoul said Monday [21 November].

The U.S. company, Combustion Engineering (CE), has been demanding that Korea Electric Power Corp. (KEPCO) pay royalty over the light-water reactor for North Korea under an existing contract.

The source said CE is basing the demand on the clause of the contract it signed with KEPCO, that stipulates that KEPCO should pay royalty to CE when it exports light-water reactor to a third country.

KEPCO's position, however, is that it cannot pay the royalty since support for light-water reactor for North Korea would not be the act of export but an intra-country deal.

"CE's demand stems from their view that support for light-water reactor is an act of export," a government official said.

Noting that when the projected World Trade Organization (WTO) comes into being, inter-Korean commodity exchanges would be formally regarded as intra-nation dealings, the official said the government would cope with the matter rather upon the inauguration of WTO instead of responding directly to CE now.

Polish Correspondent on North Under Kim Chong-il

SK2111091294 Seoul SEOUL SINMUN in Korean 21 Nov 94 p 5

[Article by Beijing-based Polish correspondent (Krzistov Darewicz) on "North Korea Under Kim Chong-il"]

[FBIS Translated Excerpts] I am neither a supporter nor opponent of Kim Il-song. However, I feel all of us should thank him for his death, because his death has gotten rid of the extremely innocent and deep-rooted misunderstanding that "if the great leader Kim Il-song died, the issue of North Korea would be settled spontaneously." Although Kim Il-song died, North Korea's dictatorial regime, and even its nuclear issue, still remain unchanged and unsettled. The perception of such a stark yet simple fact had a great effect on seeking ways to coexist with today's North Korea.

The North Korea-U.S. agreement on North Korea's nuclear issue signed in Geneva on 21 October was the first signal that such a way of seeking coexistence was partially successful. Through the Geneva settlement of the North Korean nuclear issue, the United States and its allies have realized it is ineffective to deal with North Korea with previously-used methods, and have concluded that a new method is necessary to completely solve questions on the Korean peninsula. This means the old Cold War policy of blockade should be replaced with a new strategy of "constructive participation" [konsolchogin chamyo]. [passage omitted]

North Korea's change is still not tangible. However, South Korea's recent announcement on alleviating the restrictions imposed on economic cooperation with North Korea has evoked hope that the constructive participation strategy [konsolchogin chamyo chollyak] toward North Korea has been newly assessed by ROK Government authorities.

I was born in a Communist country. I have visited North Korea on more than 20 occasions over the past four years. However, I still cannot predict when North Korea will change. [passage omitted]

However, the North Korea-U.S. agreement in Geneva and the South Korean Government's proposal for economic cooperation with North Korea are desirable steps. I realize it is still difficult for South Korea to pursue the constructive participation strategy toward North Korea, which still assumes a hostile attitude toward South Korea. However, now is the time for South Korea to reconcile with North Korea.

Judging from the personal character of Kim Chong-il and the inherent nature of the North Korean system, it is difficult for us to be optimistic about the future of North Korea. However, there is still room for hope. In other words, after Kim Il-song's death, North Korea is no longer a country under a one-man ruling system. Unlike Kim Il-song, who monopolized power and ruled North Korea with absolute power, Kim Chong-il lacks charismatic power and experience, and will have to share power with others to survive. This is precisely the reason why I can predict the policy-making process in North Korea will gradually take on a collective form; that North Korea's leadership will adopt a collective system; that various different views will emerge within such a collective system; and that a final compromise will be sought and achieved within such a collective system.

Among the North Korean elite, there are many who are fully aware of what is necessary to make North Korea a modern country and lead it to participate in the international community. Therefore, once the one-man dictatorship ends, there is a possibility that pragmatists and technocrats within North Korea's leadership will undertake reform-oriented measures in the near future.

Through this perception mentioned above, we can understand the PRC's current appeasement policy toward North Korea. From a historic viewpoint, as well as from a strategic and ideological viewpoint, the PRC is particularly interested in continuously leaving North Korea as a Communist country and a divided nation. The PRC needs to ensure peaceful international circumstances in order to continue its opening-up policy. [passage omitted]

The PRC says North Korea will eventually accept a PRC-model opening-up policy if Beijing supports it. Likewise, we also have no choice other than to help Chong-il, although we do not like him, because persuasion and patience are better than confrontation, and are also more valuable.

* Issues, Problems of National Reunification Task

952C0021A Seoul WOLGAN CHUNGANG in Korean Oct 94 pp 166-183

[By Prof. Yu Yong-ok: "This Is the Critical Point in the Korean Reunification Issue: a Study Based on Interviews With 58 Experts at Home and Abroad"]

[FBIS Translated Excerpt]

President Kim Yong-sam and North Korea's Kim Il-song were scheduled to hold a summit on 25 July to find ways to improve North-South relations and discuss mutual visits of separated families and a freeze on the nuclear weapons program that became obstacles to the reunification of the Korean peninsula. But the unexpected death of Kim Il-song, the principal leader in the national division and internecine strife for five decades, turned out to be a major factor delaying settlement on these issues. This development, while bringing disappointment to the 70 million Korean people longing for reunification, added to uncertainties in the situations surrounding the Korean peninsula.

The following article is based on interviews with experts inside and outside the country on the issue of reunification and peace on the Korean peninsula in a post-Cold War, postbipolar era and amid changes in the international order in Northeast Asia. Based on their views, it weighs chances of reunification and a permanent peace. The author visited England, France, Japan, Italy, and Switzerland recently for the interviews. He also took part in the 1994 Chinese Yanbian International Seminar and met with participants in separate interviews. (Editor)

[Passage omitted]

Task and Conditions of Reunification

1) Task of Reunification

Kim Myong-yun, first vice chairman of Pyongt'ong [Peaceful Reunification Committee] said: "Our basic line of reunification is the three established principles—democracy-based national consensus, coexistence, and coprosperity, and national well-being. What we are pushing for is reunification on these principles, namely, a three-stage reunification through North-South reconciliation and cooperation, North-South coalition, and a one-nation one-state Korea.

Prof. Yang Song-chol said: "The reunification plan disclosed by President Kim Yong-sam in his message marking the 49th anniversary of Liberation is largely a rehash of the earlier plan shown by President No Tae-u. Bringing the idea of national community into the reunification issue raises many problems. Reunification means putting the two political entities—the ROK and DPRK—into one. Our reunification is to reunite not just the separated Korean people but the divided land and political system as well; therefore, the 'National Community' Reunification Plan should be altered in its name, to begin with." "If too much emphasis is put on the notion of nation, it could work in a destructive way sometimes as we saw it in the disintegration of the Soviet Union."

Chong Un-chong, former KYONGHYANG SINMUN editorial writer, said: "The reunification we wish for is not just a territorial unity. What should be done to bring freedom, well-being, and livelihood deserving of human dignity to all the 70 million brethren? Our blueprint should contain an answer to the question."

Kim Yu-nam, Tanguk University professor, said: "Reunification should begin with social and cultural integration rather than political integration. With a long-range view, contacts should be made first in nonpolitical areas. The reason is North Korea's sensitivity. North Korea is sensitive even to South Korea-proposed economic aid, viewing it as a ruse for economic infiltration and, through it, reunification by absorption."

Pak In-pae, KBS chief producer, said: "In dialogue with North Korea, we should be wary of its 'united front' strategy. This tells us that reunification is precisely the issue that should be dealt with prudently by forming a national consensus."

Choe Chang-sop, KBS senior announcer, said: "The leading role in the reunification cause inevitably belongs to politicians. And if they truly aspire to it and have the will to attain it at an early date, they should support North Korea-U.S. and North Korea-Japan normalization. Resolving issues in a rational manner is a shortcut to reunification, and reunification is a shortcut to a permanent peace."

Meanwhile, Pak Kyong-sok, chairman of the Military Critics Society, said: "Kim Il-song is dead but the Kim Il-song-era ideology and regimentation continues to control the whole of North Korea. In this situation, negotiations and talks are absolutely useless.

"A look at North-South talks since liberation indicates that North Korea has only persisted in what it was after. Its authorities being like that, what we should do with the grand proposition of reunification and a permanent peace is obvious. What we should do is to strengthen our national strength and internal systems and secure our absolute superiority to North Korea in every respect and, by doing so, achieve reunification by absorption as in Germany's case. There is no other way. I would say, therefore, that all the reunification plans advanced by North Korean authorities and our government are nothing more than a bunch of self-serving rhetoric. It is because reunification, the process of two uniting into one, will remain a pie in the sky if one party regards the other as absolutely unacceptable."

Kim Chang-sun, board chairman of the Institute of North Korea Studies, said: "The reunification of the Korean peninsula is no longer a long-term goal. It is emerging as a near-term target as the world shifts into a post-Cold War order. This trend is a product of a series of subjective and objective developments showing Seoul as the Korean peninsula's central government and Pyongyang as doomed to fall to the status of a regional government and eventually to disintegration."

North Korea is a communist state that has doggedly persisted in the chuche ideology, "our way of socialism" and the "our nation is No. 1" doctrine. Kim Il-song claimed himself to be a nationalist, championing an egotistic ideology and viewing South Korea as a colony and target for national liberation struggle. In the face of the post-Cold War era march of history, however, all that proved to be good for nothing and totally irrelevant. At any time, nationalism falling out of the march of history was doomed.

No Kon-yong, Chayu Ch'ong Yonmaeng director, said: "We can say that North-South relations are not a relationship between two states but rather a special intranational tie that came into being temporarily on the way to reunification. Peripheral North-South exchanges and cooperation premised on peaceful coexistence can eventually lead to the peaceful reunification of the fatherland. To convince other nations that North-South relations are an internal matter of the Korean people, we should see that our domestic laws and regulations are upgraded and the necessary institutional devices are put in place. Positive public relations activities are needed for a pannational consensus on reunification and to expand fund raising in the private sector."

2) Conditions for Reunification

Conditions for reunification include, first, North Korea's economic growth. Nam Hae-pong, a chief editor, said: "Inasmuch as the side economically advanced tends to be less willing for reunification, it is imperative that the North-South gap in economic strength is removed. That can be done only through economic development, which takes time. For the reunification of the Korean peninsula, there is no alternative but to wait until the North Korean economy develops enough.

Second: Chang Min-ung, chairman of the Korean Association in England, said: "We should help North Korea in a hurry. Besides direct trade, we can use indirect trade to help its economic growth. Reunification would cost us enormous funds; with that in mind, we should effect 'reunification insurance' contracts with world insurance companies."

Third: Pak In-pae, KBS chief producer, said: "We shouldn't be too hasty. What we need is stage-by-stage preparations. In view of the Chinese influence, we should use China effectively. We should also respond sagaciously to North Korea's 'one-state two-system' plan."

Fourth: Kim Chin-kyong, university president, said: "For a lasting peace and reunification, it is necessary for Korean business firms to go to North Korea. It is because the underdeveloped North Korean economy needs help. For freedom and democracy and a life without fears, Korea has to be reunified at the earliest possible date. It has to be a reunification based on the principle of freedom and democracy, not a reunification by absorption."

Fifth: Kim Chin-sok, deputy director of WOLGAN TONGHWA, said: "For reunification, the North Korean people should first be brought to realize what freedom is. Once a person tastes freedom, he or she cannot become a slave."

Sixth: Pak In-pae, KBS chief producer, said: "For reunification, it is essential that exchanges take place in such areas as culture, sports, music, and art as well as in the political and economic spheres." And Prof. Chong Yong-sop of the University of Montreal, Canada, said: "Along with those exchanges, we should see that North Korea makes economic growth for exchange and cooperation on equal terms."

Finally, Prof. Yi Tong-uk of Yanbian University, China, said: "For reunification, North Korea will have more problems than South Korea has. Only when it has achieved economic growth by thoroughly exploiting its external situations will it come forward to reconcile and reunite." Pak Sang-suk, director of the Russia Studies Institute, said: "North Korea will certainly take up the issue of working out a compromise between socialism and capitalism when its economic growth has reached a certain level."

Yun Tal, Hyopsong University official, said: "Our North Korea strategy for reunification is to prompt North Korea to open up and be a member of the international community. North Korea-U.S. normalization will eventually lead to North Korea-Japan normalization, and the day will come when the cross-recognition of North Korea by the four powers is completed. South Korea already normalized its diplomatic relations with the former Soviet Union and China. Therefore, North Korea's normalization with the United States and Japan will automatically mean the realization of the cross-recognition formula."

Un In-yong, National Defense College professor, said: "The government position is that for a lasting peace on the Korean peninsula, the past record of North Korea's nuclear program has to be verified and special international inspections of North Korean nuclear facilities have to be carried out. This means that North Korea must fulfill the terms of 'the North-South basic agreement' and 'the joint declaration on the denuclearization of the Korean peninsula' signed on 19 February 1992. To realize 'reconciliation and cooperation'—the first stage of the three-stage reunification formula—is another basic task to be fulfilled."

Economic Gap Is an Obstacle to Reunification

Chon Sang-ki, deputy chief editor of NAEOE KYONGJE SINMUN, said: "North Korea, in the second-phase negotiations with the United States, proposed replacing the armistice agreement with a peace accord. Its real purpose is to force the withdrawal of U.S. troops from South Korea. But it made no such proposal in the third-phase talks, showing that Kim Chong-il's sole immediate objective is to improve relations with the United States. As for the four powers with interests in Korea, their interest is a lasting peace and no war; they are passive on reunification, however. Still, when reunification comes, the four powers will probably sign a Korean peninsula nonaggression pact for themselves."

Judging from these experts' views, it is difficult to expect that reunification will come as a result of some dramatic change in the situation. In other words, for reunification, not only political factors, but also economic factors play a vitally important role; under the present circumstances, however, the present economic gap is so wide that it will take some time before North Korea can keep the balance with South Korea in economic growth.

Kim Ok-kyun, a staff researcher, said: "The Korean peninsula of the 20th century will take a position important enough to sway the destiny of the world. If North and South Korea reunify, it will no doubt produce a major impact on the world situation because, geopolitically, the Korean peninsula is situated in a most vital spot. Such impact will be viewed positively."

Yo Yong-mu, head researcher of the Asia Social Science Institute, said: "Since the death of Kim Il-song, the new leadership headed by Kim Chong-il is extremely fragile and shrouded in uncertainties. Consequently, North-South relations are in a transitional period and at a turning point. Basically, peace on the Korean peninsula can be achieved based on the principle of national self-determination and a six-nation Northeast Asia security arrangement. Realistically, however, there is no denying that the Military Armistice Agreement, maintained for 41 years, served as a legal basis supporting the peace in Korea despite all its flaws. Although North Korea and China withdrew their delegates from the Military Armistice Commission, it is unavoidable for authorities concerned to observe the agreement until a new security arrangement is established."

He also said: "The precondition for peace on the Korean peninsula should be that while South Korea maintains its armed forces at reasonable levels, North Korea abandons its nuclear weapons program and its strategy of violent revolution against the South and adopts a policy guaranteeing genuine North-South dialogue. Reunification should be achieved on the principle of national self-determination and global universality. It should therefore be realized 'amid freedom and prosperity' under whatever circumstances. In other words, reunification should be not a simple reunion of the divided people but a process of extending 'freedom, prosperity, and human rights' to North Korea. In this process, too, we should demonstrate the same unflinching pro-democracy spirit as we did in the past in our struggles against the military regime and the *yusin* reform program and, by doing so, extend democratization and liberalization to North Korea. This is the reunification we are aspiring to and we must not forget it even a moment. Seen in this light, we can see clearly that those who argue that reunification should be pushed from a standpoint disregarding ideology are only talking nonsense, that they are abandoning the principle of freedom and democracy for themselves."

Rep. Yi Chong-chan said: "Since the death of Kim Il-song, the reunification issue has become increasingly difficult. A political, economic, and military vacuum continues in North Korea. Pyongyang is hastening to improve relations with the United States and Japan. The move could provoke a rush of major powers and eventually lead to perpetuation of the division of the Korean peninsula. If it should come to pass, reunification would be possible only when the major powers approve of it as in the case of Germany. Only when North and South Korea regain their national homogeneity at the earliest possible date through reconciliation and cooperation will it be possible to increase the chances of self-reliant and peaceful reunification."

3) Confidence-Building Between North and South Korea

Chu kyong-hwa, deputy chief editor of the Chinese YANBIAN DAILY, said that "for reunification, confidence-building between North and South Korea is a pressing need." He continued: "Every one should speak from his or her heart. Even between man and wife, there can hardly be a steady peace if they don't trust each other. Whenever I read reports in North and South Korean media, I often feel that they lack truth. For instance, when the president of a certain South Korean newspaper company was climbing Mt. Paektu, it began raining and he couldn't make it to the top, His newspaper, however, reported that the weather was fair and clear that day and he scaled the top of the mountain. The president of a newspaper being such a liar, reporters under him would naturally be writing false reports, a lot of them. It is deplorable indeed. At any rate, one should be speaking from his or her heart, be it about reunification or peace. In my estimate, a half of what is written in North and South Korean media are lies. The same thing can be said about North and South Korean authorities. Consequently, there can be no dialogue in good faith; naturally, they cannot build confidence between them."

Rep. Won Kwang-ho said: "For reunification and a permanent peace, North and South Korea should first build mutual confidence. They should end their bitterness against each other, act on the basis of the respect for man's life and dignity, and make efforts for national reunification in good faith."

Chong U-il, Hanyang University professor, said: "For reunification, North-South distrust should be dispelled through exchanges, and efforts should be made to narrow the cultural gap."

Hwang Chong-taek, SEGYE ILBO reporter, said: "The unexpected death of Kim Il-song, who was partly responsible for the unfortunate developments on the Korean peninsula in the past half century, drew special attention to the possibility and prospects of change in North Korea. At the same time, the role and decision required of the South Korean Government are just as important as the dynamics of political power inside North Korea. We cannot rule out the possibility that if a power struggle should intensify to involve the military, North Korea might attempt to deal with the trouble from within by creating a trouble from without. At the same time, Seoul's North Korea policy will be unprecedentedly influenced by such a power struggle and other developments in North Korea.

"Under these circumstances, North-South relations have emerged as the last, and most important, international issue of this century as the United States, in the three-phase negotiations with North Korea, agreed to help Pyongyang build light-water nuclear reactors. However, North Korean authorities should realize that it is the North and South Korean authorities who hold the key to a permanent peace on the Korean peninsula and its reunification. 'The Agreement Concerning Reconciliation, Nonaggression, Exchange, and Cooperation' clearly shows what should be done for the peaceful reunification of North and South Korea."

Task of a Lasting Peace on the Korean Peninsula

1) Enforcement of the Korean Nation's Capabilities

Yu Pu-ung, professor of Saint Paul University in Kenya, said: "When the 5 million Koreans residing in more than 100 countries around the world are organically connected with the compatriots back home, Korea will grow into a Korea of the world. The links between them can be found in the *Tangun* mythology and humanitarianism."

The Rev. Kim Tal-hun of a Korean church in Taipei said that "only when the Korean people learn to respect their leaders can they enhance their capabilities." "The nation should establish its common goal and make efforts to achieve it," he added. In the same context, Mun Suk-tong of the National Publishing Company in Liaoning, China, said: "It is necessary to make a book about the Korean nation in the world history and disseminate it worldwide. If we come to have a correct understanding of our society, culture, and history as a nation, we can enhance the capabilities of the Korean nation as a step toward reunification."

2) Path to a Permanent Peace

Yi Son-ho, director of the Current Affairs Research Institute of Korea, said: "The capabilities and will of North Korea, which is realistically an enemy country, are posing the gravest threat ever to our national security. Still, there is a lack of concern about national security among us as we see it in the policy goals of the Kim Yong-sam government listing 'clean politics, strong economy, healthy society, and reunified fatherland' but saying nothing about national security. This grave development and the drifting and indecision on the part of our policymakers are further aggravating—and spreading among our people—apathy toward national security. This is a problem. In this context, South Korea should pursue 'a lasting peace first prior to democracy-based reunification,' with consistency as its state strategy. Establishment of a lasting peace will prevent a second Korean war and thereby ensure the existence of the state. To make such war deterrence work, we should maintain our strength at a level the same as or higher than that of the other party. Realistic war deterrents are military strength and national power."

Reunification To Delay Should Korea Become Arena of Big Power Race

Yi Son-ho also said: "For a permanent peace, we should ensure, first of all, that the issue of the past development in the North Korean nuclear program is resolved through special UN inspections and North-South mutual inspections, and that Pyongyang is brought to abandon its plan for nuclear arming through a freeze on its nuclear program. In case North Korea's possession of nuclear weapons is verified, U.S. tactical nuclear weapons should be shipped back to the U.S. Forces in Korea for deterrence. Second, South Korea's military strength ought to be developed to appropriate levels in comparison with that of North Korea, with the nonsymmetrical structures of their armed forces taken into account; in this connection, greater emphasis should be put on introducing high-technology equipment for the navy and air force than on boosting the army strength."

Kang In-tok, director of the Far East Affairs Research Institute, said: "Kim Il-song defined reunification as 'an anti-U.S., national liberation struggle and a fierce class struggle between capitalism and socialism, between revolution and counterrevolution,' but his death removed the 'biggest obstacle' to the reunification of, and a lasting peace on, the Korean peninsula. But the new Kim Chong-il regime is bound to be an equally serious obstacle as long as it 'follows in the footsteps of its predecessor.'"

Today the world is changing rapidly and few things seem to remain unchanged. Nevertheless, these three things seem to have been established. First, the collapse of communism ended the confrontation in ideology. Second, a new world order is being created at regional and international levels. And third, the world, while promoting coexistence and coprosperity, is moving into an internationalization, information, and commercialism age and an era of national egoism.

For a research on the reunification and a lasting peace of the Korean peninsula at a time of such global uncertainties, I did an analysis of materials obtained from these interviews. I met with 58 experts in the country and overseas and analyzed their views for the purpose of showing right directions for our reunification and national security policies that are groping in the dark. I hope that the work will prove to be of great significance in a symbolic sense.

Public criticism is running high that while North Korean authorities are pushing an all-out diplomatic offensive with major powers and, through it, strengthening their position in the international community, our government is doing nothing but fussing about always belatedly. At a time like this, I hope that my analysis of the experts' views will contribute to our government's North Korea policy.

In a nutshell, the interviews substantively indicate that for a lasting peace on the Korean peninsula, reunification has to be pushed with priority but that reunification is something difficult to achieve in a short period of time. Especially, since Kim Il-song's death, the Korean peninsula has become an arena for major powers competing for influence over their interests in Northeast Asia. In this situation, as we saw in the case of Germany, there is the possibility of the realization of reunification being subjected to an understanding of the big powers because we ourselves cannot meet the requirements for carrying it out on our own. If things should go that way, reunification would be deferred further and, consequently, a lasting peace would have to wait that much longer.

The way for us to move up reunification is to go for it on our own by extending helping hands to North Korea and bringing it to open up to the outside world and, at the same time, building mutual confidence from a long-range viewpoint through exchanges in nonpolitical areas such as social, cultural, and sports. After all, to do so will be a shortcut to reunification.

There Is No Such Thing as Permanent Foe or Permanent Friend

However, while shunning dialogue with South Korea, North Korean authorities are pushing an all-out diplomatic offensive, over the nuclear issue to begin with. North Korea's approaches to the United States and Japan, through the medium of the nuclear issue, are more than an effort for just a settlement on that issue; it heralds the birth of a new Northeast Asia order, namely, the cross-recognition of North Korea by the major powers with interests in Korea.

From the U.S. standpoint, the Nuclear Non-Proliferation Treaty, an instrument of its global strategy, is more important than its commitment to defend South Korea, one of its allies. Japan is hastening normalization with North Korea for the interest of its Northeast Asia strategy. China is siding with Pyongyang's "Korean peninsula peace agreement offensive" by withdrawing its delegation from the Military Armistice Commission. Russia is making a conciliatory gesture to North Korea to sell its version of a light-water reactor. While our foreign policy is preoccupied with the special inspections and light-water reactor issues, North Korean diplomacy is indeed making swift moves.

To effectively respond to such a diplomatic strategy of North Korea, our government should make all-out efforts to rebuild its preventive and preemptive foreign policy. It is because the North Korean diplomacy and its all-out offensive will evidently push for a "North Korean version of peace" and bring on a grave crustal change in the reunification and peace issues. To maintain our stand for the reunification and a lasting peace on the Korean peninsula, we should press for clarification of the past development in the North Korean nuclear weapons program and strengthen international cooperation system to support U.S.-North Korea peace talks; if we are unable to do so, we will have to develop our own national security plan.

South Korea-U.S. relations, essentially, are based only on circumstantial factors. There are fundamental differences between their Cold War era relations and post-Cold War era relations. We should come out of the mythology about cooperation with the United States, which persists only in its own interests, as soon as possible. We should remember that the United States today is no longer a country that provides unconditional support to another country in disregard of its own interests but a country with which we have to negotiate for advantage in competition with North Korea. The U.S. attitude tells us that the international community is a cool-headed community in which there is no such thing as a permanent foe nor a permanent friend.

This is the time we should reassure ourselves that the only way to accelerate the reunification of the Korean peninsula and a lasting peace on it is for us to increase our national strength based on our economic power and for the 43 million people to unite.

Escaped Korean War POW Discharged From Service

SK2311085894 Seoul YONHAP in English 0746 GMT 23 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 23 (YONHAP)—Army 2nd Lt. Cho Chang-ho, who pulled off a dramatic escape from North Korea last month after 43 years of confinement, will be discharged Saturday [26 November] in a ceremony at the Korea Military Academy.

Cho, 64, will also be promoted to first lieutenant from second lieutenant, his rank when he was captured by Chinese soldiers during the 1950-53 Korean War.

Prior to the ceremony, originally planned for Nov. 4 but put off due to Cho's poor health, he will visit the National Cemetery to lay wreaths at the Memorial Monument and then give a promotion report to the defense minister.

Later on Lt. Cho will visit Chongwadae [presidential offices], where President Kim Yong-sam is to award him the Order of National Security Tongil Medal given to first-class men of merit.

Seoul 'Regrets' USTR Decision To Start Probe

SK2311070394 Seoul YONHAP in English 0656 GMT 23 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 23 (YONHAP)—South Korea voiced regret at the U.S. Trade Representative's [USTR] decision to launch a probe into its poultry import practices Wednesday, pointing the finger at "misunderstanding and unreasonableness."

Foreign Ministry spokesman Chang Ki-ho issued a commentary saying that South Korea "regrets" the USTR's decision.

"We fear the negative influence that unilateral action such as the 301 Trade Act would have on the international trade order and urge the U.S. Government to exercise prudence in resorting to such mechanisms," Chang said in the commentary.

The USTR, spurred by a petition by domestic poultry export groups, has begun a probe into South Korea's beef import practices, a process that will take 12 months before it decides whether to initiate retaliatory action.

Seoul is ready to negotiate with Washington to settle this dispute, "but plans to take necessary countermeasures such as pointing out the unfairness of the decision through commentaries to the USTR since the petition contains much misunderstanding about our system and unreasonable claims," said the spokesman.

Three U.S. groups—the National Poultry Production Council, the American Meat Institute and the National Cattlemen's Association—refiled a petition Nov. 18 asking for 301 Trade Law steps against South Korea, complaining about its expiration date and packaging restrictions on beef imports from the United States.

The first petition, filed on Sept. 30, was withdrawn on Nov. 14 but was revived four days later.

The USTR will hear statements from the petitioners for 30 days and is expected to request negotiations with South Korean officials.

A decision on retaliatory action will be made within 12 months after the investigation begins, beating the 18-month guideline under the General Agreement on Tariffs and Trade (GATT) system.

Mondale: Middle East May Supply Energy to North

SK2211094494 Seoul KBS-1 Radio Network in Korean 0807 GMT 22 Nov 94

[FBIS Translated Text] Walter Mondale, U.S. ambassador to Japan and former U.S. vice president, who is paying a personal visit to the ROK, reportedly said the United States is considering having Middle East countries provide part of the alternative energy for North Korea. On the evening of 21 November at a dinner hosted by Laney, U.S. ambassador to the ROK, Mondale said that in case the continuous supply of alternative energy becomes difficult due to opposition from the U.S. Senate, the United States is considering providing alternative energy through Middle East countries such as Kuwait, according to an attendee of the dinner.

Daily on Reasons for Visit by U.S.' Mondale

SK2311042094 Seoul SEOUL SINMUN in Korean 23 Nov 94 p 4

[Article by reporter Yu Min]

[FBIS Translated Text] U.S. Ambassador to Japan Mondale is visiting the ROK with U.S. Forces Japan [USFJ] commander Myers. We construe his visit as being part of an effort to sound out the general atmosphere in the ROK concerning the political and security situation following the settlement of the nuclear issue. In particular, the visit by the commander of the USFJ has attracted our attention in that he comes at a time when the United States is reestablishing the status of the U.S. troops stationed in Asia, including the U.S. Forces Korea [USFK], under the rapidly changing situation on the Korean peninsula.

In this connection, officials of the Ministry of Foreign Affairs did not give any specific meaning to their visit, saying: "They came here entirely in a private capacity."

One official concerned of the ministry also said: "Ambassador Mondale simply came here because, for several months now, he has wanted to visit our country."

This notwithstanding, in connection with the USFJ commander's visit, the same official made suggestive remarks, by saying: "I have no idea concerning his visit because he has come according to a schedule arranged by the United States." Reviewing their activities since their "secret" arrival on 20 November, it appears that they are here to "grasp the security situation" of the ROK. On the day of their arrival, Minister of Foreign Affairs Han Sung-chu hosted a banquet for them. Just before returning to Japan on 22 November, they paid a courtesy call on President Kim Yong-sam at Chongwadae [presidential offices] and held a brief confabulation with the president. On 21 November, they attended a dinner hosted by U.S. Ambassador Laney at the ambassador's residence, where they got together with Na Ung-pae, chairman of the Foreign Affairs- National Unification Committee of the National Assembly, former ROK Ambassador to the United States Kim Kyong-won, and other ROK academics, businessmen, and journalists. It seems, however, that they did not come here to discuss the questions of light-water reactors or alternative energy sources. This is because a channel of dialogue already exists between the ROK, the United States, and Japan as regards those questions, and because so far, no large difference of opinions has surfaced between those countries concerned in this connection. In this regard, one participant in the dinner noted: "Perhaps, they came here to get a first-hand look at the security situation of the ROK."

What attracts our attention here is USFJ Commander Myers' "trip to the ROK." It is known that the USFJ commander, who is under the supervision of the commander-in-chief of the U.S. Pacific Fleet, must get approval from the chairman of the U.S. Joint Chiefs of Staff before traveling out of his stationed area. Also, there is a military unit, which is under the command of the USFJ, in Osan, the ROK. In view of these facts, some people maintain that their visit may have much to with U.S. efforts to reestablish the status of the U.S. Forces under the rapidly changing situation of the Korean peninsula. At present, the U.S. Government cannot but consider reestablishing the status of the U.S. Forces, because this question is deeply connected with improved U.S. relations with North Korea and with the reorganization of the security order in Northeast Asia since the North and the United States reached an agreement. Accordingly, the prevailing view is that their visit to the ROK may have to do with the question of improving the management of the U.S. troops stationed in Asia in the future, as well as sounding out the ROK Government's intention and grasping the atmosphere inside the ROK before conducting a comprehensive reorganization of the security order of the Korean peninsula. It is said that their visit may have been "a sign" which foretells that there will be a change in the U.S. East Asian Strategic Initiative (EASI) involving such things as a second phase of reductions in the USFK.

Seoul Studying U.S. Embassy Land Issue in PRC

SK2111125994 Seoul YONHAP in English 1129 GMT 21 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 21 (YONHAP)—South Korea plans to ask China to return the land of the U.S. Embassy in Beijing to Korea if the land turns out to have actually been owned by Korea early this century as a Korean professor claimed recently.

A government source said Monday [21 November] the Foreign Ministry has begun studying details of the claim made by Prof. Kim Chong-tong of Mokwon University in Taejon.

In an initial step, the ministry asked the government archives and Seoul National University Library for materials, if any, that are related to the allegation.

Prof. Kim claimed that in 1902 Korean legate Pak Che-sun to Ching China [as received] bought the building of today's U.S. Embassy in Beijing at 140,000 won on special instructions from King Kojong.

Korean Airlines Prepares To Open PRC Offices

SK2311065994 Seoul YONHAP in English 0651 GMT 23 Nov 94

[FBIS Transcribed Text] Beijing, Nov. 23 (YONHAP)—In preparation for the opening of regular air routes between South Korea and China, the Beijing government has upgraded the Korean Air (KAL) Beijing office to branch level and granted KAL (Korean Airlines) permission to set up branches in Tianjin, Shenyang and Qingdao as well.

However, complaints might be heard from passengers because the one-way fare on the Seoul-Beijing route is 297 U.S. dollars, fixed by consent between the two nations' carriers.

Korean Air and Asiana Airlines of South Korea and the Civil Aviation Administration of China (CAAC) agreed on the "rip-off" price at a working meeting in Seoul last month.

Despite criticism that the price is far too high compared with the one-way fare of 234 dollars between Seoul and Tokyo, the Chinese authorities and the South Korean airlines are showing no signs of changing it, passing the buck to the CAAC's sticking to the high fare.

In terms of distance, the Seoul-Beijing route is 125 miles shorter than the Seoul-Tokyo route of 752 miles, meaning that the former is 126 dollars higher than the latter on a round-trip basis. When considering a discount rate is being applied to the Seoul-Tokyo route, the Seoul-Beijing fare is considered exorbitant, informed airline sources said.

The sources pointed out that "such evil practices of the two countries' airlines deserve to be criticized and will eventually be regarded as arrogance of the golden line through mutual consent."

Meanwhile, a KAL official disclosed Tuesday that China has given the airline official approval to open branches in Beijing (Nov. 18), Shenyang (Nov. 19) and Tianjin (Nov. 21), following permission to establish a Tsingtao branch.

Seoul, Chile Sign Extradition, Science Pacts

SK2111030394 Seoul YONHAP in English 0231 GMT 21 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 21 (YONHAP)—The South Korean and Chilean foreign ministers signed agreements on extradition and scientific and technical cooperation Monday.

Foreign Ministers Han Sung-chu of South Korea and Jose Miguel Insulza of Chile signed the pacts after their presidents' summit.

Chilean President Eduardo Frei arrived in Seoul Sunday.

The extradition treaty applies to criminals punishable with a prison term of one year or longer. It does not apply to cases where the accused may be subjected to unjust treatment on political, racial, or religious grounds.

The scientific and technical cooperation agreement stipulates that the two countries will exchange experts, information and data and establishes a joint committee to discuss and select cooperative projects.

Chilean President Frei Agrees To Increase Trade

SK2111080794 Seoul YONHAP in English 0758 GMT 21 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 21 (YONHAP)—South Korea and Chile agreed to expand bilateral trade at a summit between Presidents Kim Yong-sam and Eduardo Frei at the former's office in Chongwadae [presidential offices] Monday [21 November].

The two presidents also agreed to the participation of South Korean companies in work on an international telecommunications network linking Chile to Asia via New Zealand.

Kim, noting a 250-percent increase in two-way trade and a 25-fold rise in South Korean investment in Chile over the past five years, stressed the need for closer bilateral cooperation in expanding trade and investment, senior Presidential Secretary for Foreign and Security Affairs Chong Chong-uk said.

Frei invited South Korean firms to join in his country's infrastructure expansion projects, while calling for increased bilateral cooperation in science and technology.

The two leaders decided to cooperate more closely in international politics, including backing each other's bid for a two-year seat on the UN Security Council for 1996-97.

Kim expressed hope for increased South Korean corporate investment in Chile's resources development, manufacturing and fishing industries, a prospect for which Frei promised maximum cooperation.

They also agreed to promote joint research into peaceful use and scientific surveys of the Antarctic through bilateral exchanges of data and scientists and will continue discussing this issue at foreign ministers' talks.

As for the recent North Korea-U.S. nuclear agreement, Kim asked for Santiago's continued cooperation in pressing Pyongyang to implement the accord, with Frei offering assurances that Chile would do so to contribute to the peaceful reunification of Korea.

Kim, thanking Frei for his invitation to visit Chile, said he would come at a mutually convenient time.

After the summit, Kim and Frei watched their foreign ministers sign Korea-Chile scientific and technological cooperation and extradition pacts in a ceremony.

Kim will host a dinner for Frei and his wife at a Chongwadae Dining Hall in the evening.

Frei plans to meet with National Assembly Speaker Hwang Nak-chu and majority and minority parliamentary leaders on matters of common interest Tuesday.

Discusses Joining APEC Forum

SK2211004994 Seoul THE KOREA TIMES SUPPLEMENT in English 22 Nov 94 p 1,4

["Message" by Chilean President Eduardo Frei Ruiz-Tagle—place and date not given]

[FBIS Transcribed Text] Chile has travelled from authoritarianism to democracy during the nineties, and to economic development during the second half of this century. It has not been an easy path. Any work of democratic building and of moving towards development demands effort and discipline.

The country's harmonious development is based on the firm conviction that sustainable economic growth that protects and uses rationally our resources, social development and political democracy, make one trilogy that is crucial for the country's future. According to it, all sectors of Chile's political, social and cultural body have joined together wide accords regarding the rules of our political and economic life.

One of the axes of our foreign policy is what we have called diplomacy for development, that searches, through the principles of open regionalism, to increase the ties of cooperation and the levels of commercial and cultural trade between Chile and the nations of the world.

It is a great honor and responsibility for my government to conduct the country in this new era where a new international order is appearing. This era where, we believe, the Asia-Pacific nations constitute one of the more important coordinates that define the future ahead.

We believe that the high level of development that many APEC [Asia and Pacific Economic Cooperation] member economies have reached, sets the scenario for greater cooperation in the commercial technological, industrial and human fields. Chile also agrees with the initiatives designed, for strengthening APEC's political content and the mutual knowledge of the various cultural values that coexist in the region.

In this framework, Chile has given priority to the relations with APEC member economies. This is reflected in the shift of our destiny markets from the traditional western to the Asian ones. The economies of East Asia presently stand for a third of Chilean exports, while APEC member economies represent almost two thirds of the total shipments of our country. In this occasion, a large delegation from our business community have come with me to Jakarta to participate in the APEC "Expo Business Meeting 1994" and to further discuss with their Indonesian counterparts, the ways and means of promoting new business.

In Seoul, after the APEC summit, I will address the "Tenth Joint Meeting of the Chile-Korea Cooperation Council," completing our working journey. This way we will be helping to consolidate the long and fruitful relationship that Chile enjoys with its APEC partners.

Businessmen's Disassociation With Chongnyon Noted

SK2111113294 Seoul CHUNGANG ILBO in Korean 21 Nov 94 p 6

[By Tokyo-based correspondent O Yong-hwan]

[FBIS Translated Text] "Patriotic" businessmen. This modifier is always used for businessmen affiliated with the General Association of Koreans Residing in Japan [Chongnyon]. Businessmen in Chongnyon, an organization under the Workers' Party of Korea, receive special treatment from North Korea. Kim Il-song made it clear that businessmen, not workers, are the basis of Chongnyon (congratulatory message on 30th founding anniversary of Chongnyon).

These "patriotic" businessmen, however, have turned their backs on Chongnyon.

This is seen in the criticism of the North Korean system by Chon Chin-sik, 62, who operates the joint-venture Moranbong and Pyongyang Piano Companies and who is known as the godfather of Chongnyon businessmen. He strongly refuted the North Korean system in an interview with the magazine SEKAI in October and in a talk program on Japan's TBS at the end of last year.

Chon stated: "North Korea is far from a paradise." "A joint-venture business is no different from a donation business." "Self-reliance is unrealistic." "North Korean bureaucratism is unbelievably inefficient."

Chon's undisguised criticism of the North Korean system and of the joint-venture businesses established under Kim Il-song's teaching (28 February 1986) was indeed beyond imagination because he has been leading the joint-venture businesses, visiting North Korea more than 90 times since the establishment of these businesses. Chon was born in Kosong, South Kyongsang Province, the ROK. He declared his virtual separation from North Korea, saying: "My children want to establish businesses in the ROK where their ancestors' tombs are, if the political situation allows."

Regarding this, a Chongnyon official, 50, identified as "A," said: "Chon began to show defiance toward Chongnyon when Chon Yon-sik, his elder brother and president of the Chongnyon Businessmen's Federation, died in December 1993." "A" added: "I do not think Chon will visit North Korea again." Chon's criticism of North Korea is believed to have resulted from North Korea's arbitrary operation of the joint-venture business and its pressure to send money. This does not only concern large businessmen such as Chon Chin-sik. Many medium and small businessmen, who established their businesses with "patriotic loans" from the Credit Union of North Korean Banks in Japan, have withdrawn from Chongnyon in succession.

The evil practice of Chongnyon donations is one of the most important reasons for Chongnyon businessmen's withdrawal from the organization. Sato Kasumi, editor-in-chief of MODERN KOREA, stated that approximately 50-60 billion yen flows into North Korea a year. Although it is difficult to completely believe this, it is true that donations from Chongnyon businessmen have been the mainspring of North Korea's economy since the 1970's. In particular, donations from Chongnyon slot machine vendors, who make up 25 percent of the sales profits earned by the 16,963 slot machine businesses in Japan (Japanese authorities' statistical data for 1992), are Chongnyon's lifeline. Moreover, contributions to the "Patriotic Plant," which began in 1967, exceeded 5 billion yen on 12 occasions; this is only a part known to the public. However, North Korea made more frequent demands for donations because of the long-lasting financial panic following the collapse of the Bubble Economy and because of the PRC's demand that North Korea pay for its crude oil in hard currency; this has driven Chongnyon businessmen into a corner.

The forcible collection of contributions by Ho Chong-man, the responsible vice chairman of Chongnyon who plays the role of Kim Chong-il's secretary in charge of finance, created conflict between himself and the businessmen, resulting in a rollback of Chongnyon Chairman Han Tok-su, 87, who had been unseen for two years.

The second reason for the withdrawal of Chongnyon businessmen from the organization is their complaint about property ownership. They are concerned about the possibility that their private assets will become state property when North Korea-Japan diplomatic relations are normalized. Although North Korea insists on the "exception for foreign residents in Japan," businessmen are worried about the domestic law that specifies "there is no limit to creating state property" as well as about the reality in North Korea.

Third, the loyalty of Chongnyon businessmen to Kim Chong-il has been diminished. It is difficult for businessmen living in Japan to understand "loyalty through generations." It is ironic that Chongnyon businessmen, who planted their roots deep in capitalism, have seceded from the organization at a time when North Korea is trying to establish diplomatic relations with Western countries following the conclusion of negotiations with the United States.

President, Keating Discuss Trade Via Phone

SK2311015394 Seoul YONHAP in English 0139 GMT 23 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 23 (YONHAP)—President Kim Yong-sam and Australian Prime Minister Paul Keating agreed Wednesday morning on early materialization of their agreement reached during Kim's visit to Canberra last week.

Speaking by telephone, the two leaders also reaffirmed their friendship cemented by Kim's visit to Australia and by their participation in the Asia-Pacific Economic Cooperation (APEC) summit.

Suggesting early implementation of the accord struck at their summit talks, Kim told Keating that young Koreans are interested in Canberra's granting of tourist-employment visas, presidential spokesman Chu Ton-sik said.

For his part, Keating concurred that the summit agreement should be implemented at an early date and promised his government would act soon on the visa request.

The spokesman also said Kim and Keating agreed their two countries should play leading roles in fostering trade liberalization and cooperation among Asia-Pacific countries.

Responding to Kim's suggestion on holding frequent telephone conversations, Keating said he would phone Kim regularly.

President Kim then spoke by phone with his counterparts Fidel Ramos of the Philippines and Suharto of Indonesia and reaffirmed their friendly ties solidified by Kim's recent trips to the two countries.

President Talks With Indonesia's Suharto by Phone

SK2311074394 Seoul YONHAP in English 0733 GMT 23 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 23 (YONHAP)—President Kim Yong-sam reaffirmed South Korea's close relations with Indonesia in a telephone conversation with President Suharto Wednesday [23 November] morning.

President Kim, commenting on the Asia-Pacific Economic Cooperation (APEC) summit in Indonesia, praised President Suharto for the effort he put into producing the Bogor Declaration "under the leadership of his APEC chairmanship."

Kim told Suharto that expanding free trade will benefit all APEC member countries and the entire Asia-Pacific region.

Suharto was quoted as saying that Kim's cooperation and coordination helped the APEC meeting come off successfully, Presidential Spokesman Chu Ton-sik said.

The Indonesian president also said the spirit of the Bogor Declaration would help Korea catch up with the advanced nations.

The spokesman said the leaders agreed to continue their cooperative relations by complementing South Korean technology with Indonesia's abundant resources.

President Instructs Cabinet on 'Globalization'

SK2211062994 Seoul YONHAP in English 0552 GMT 22 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 22 (YONHAP)—Stressing the need to unite the people's capabilities in order to realize the globalization of the country, President Kim Yong-sam has instructed the cabinet to create a body to push a long-term globalization scheme.

At an expanded cabinet meeting Tuesday morning which addressed ways to realize the "long-term globalization plan" conceived by himself in the wake of his recent Asia-Pacific Economic Cooperation (APEC) summit and three-nation tour, the president emphasized that ways of thinking must be altered in every field of state affairs. All cabinet members and chief presidential secretaries attended the meeting.

Kim called for the globalization-propelling body to craft long- term plans after collecting opinions from all walks of life and to act quickly on items that have already been reviewed. He also instructed the participants to do their utmost so that major globalization ideas can be launched by the first half of next year.

In accordance with Kim's instructions, the government plans to concentrate on pursuing globalization by creating this body to bring together globalization-related projects and organizations, which are currently scattered throughout the public and private sectors. The proposed organization will introduce change in all sectors of society and revamp common practices and laws.

In addition, the Kim administration will set reform objectives for globalization that can be attained within two or three years by canvassing the public and private sectors. It will make globalization a policy guideline in the conduct of national affairs and each ministry must specify goals to be met next year.

"Creativity and productivity are vital to globalization," Kim said in urging the cabinet to devise measures to enhance productivity.

Pointing out that globalization is imperative in this day and age, Kim stressed that it is a key dimension of the country's survival strategy.

"We have to let the next generation play a central role in world management," said the chief executive, advocating widespread reform to focus on this vision.

Deputy Premier-Economic Planning Minister Hong Chae-hyong said the cabinet will map out a framework for the idea by year's end and reflect it in next year's economic policy. Such long-term projects as system renovation and public reform will be conducted after reform measures have been prepared through public-state joint consultations, he added.

The government will expand investment in infrastructure and ask the private sector to do likewise in order to realize globalization, Hong said. He stated that the government will expedite internationalization in financial areas such as foreign exchange and capital, and in the tax, finance and fair trade systems.

Home Minister Choe Hyong-u reported that his ministry will restructure and set up a new body having full responsibility for globalization.

Choe added that the ministry will create more international commerce offices in local governments and employ specialists in global trade.

"Globalization will drive change and reform into a higher dimension," said Information Minister O In-hwan, noting that diplomacy should emphasize substance and the media as well should change their quantity-centered competition to a quality-oriented one.

OECD Telecommunications Affairs Committee Joined

SK2211003094 Seoul THE KOREA HERALD in English 22 Nov 94 p 2

[FBIS Transcribed Text] South Korea has joined the committee on telecommunications affairs of the Organization for Economic Cooperation and Development (OECD) as an observer country, the Ministry of Communications said yesterday.

Korea is the second to become an observer to OECD Committee for Information, Computer and Communications Policy (ICCP) after the European Parliament.

The ICCP observer status will pave the way for the Seoul government to exchange views with the advanced countries on the world's telecommunications policies at ICCP meetings, a ministry official said.

Considering that the world's major telecom policies are worked out at ICCP meetings before being presented to the World Trade Organization (WTO), South Korea will be given more opportunities to participate in the decision-making.

Korea applied for ICCP observer membership in March this year and the OECD approved the application in a directors' meeting yesterday.

An observer country does not have a voting right, but can attend all ICCP meetings as equally as the 25 regular member countries.

Set up in 1982, ICCP is one of OECD's 26 technical committees, which is responsible for the development of telecom service systems and technologies.

OECD member countries have recently started to show a deep interest in the ICCP's activities as the influence of telecom industries on the world's capital and trade liberalization continue to grow.

The acquisition of ICCP observer membership is the result of the Seoul government's efforts to internationalize the nation's telecom sector.

South Korea had been reelected as an International Telecommunications Union (ITU) director country in October this year. APEC communications ministers are scheduled to meet in Seoul next year to discuss the construction of the Asia Pacific Information Infrastructure (APII) proposed by South Korea.

* Proposed Foreign Exchange Law Revision Studied

952C0016B Seoul SILMUL KYONGJE in Korean 28 Sep 94 pp 39-42

[By On Ki-un, associate researcher at the KIET Trends Analysis Division; KIET publishes SILMUL KYONGJE]

[FBIS Translated Text] **On 9 September the Subcommittee on Foreign Exchange Reform [SFER] made public the "reform plan for the foreign exchange system." The basic principle of the proposed reform calls for liberalizing foreign exchange transactions in principle to the same level as in advanced countries. Reform of the foreign exchange system will contribute to energizing our enterprises' overseas transactions and thus strengthening our international competitiveness as a nation. But on the other hand, it will have the side effect of hampering domestic currency control. Accordingly, it requires proper countermeasures.**

The SFER released the reform plan on 9 September after going through public hearings. This plan provides details for implementing the foreign exchange liberalization plan contained in the "New Five-Year Plan" announced in June 1993. The foreign exchange reform plan released by the SFER may be said to be a blueprint specifying the substance of and a step-by-step schedule for foreign exchange reform based on the "plan for thrusting forward the reform of the foreign exchange system" announced this February.

The schedule for reform is divided into three stages. The first stage covers 1995; the second stage, the 1996-1997 period; and the third stage, the 1998-1999 period.

The liberalization of foreign exchange transactions has progressed considerably in our country, following the entry of our country into the group of IMF Article 8 countries (in November 1988), and the overall revamping of the foreign exchange control system by a negative method (in September 1992). However, there are still many restrictive elements with regard to foreign exchange holdings and foreign exchange transactions. This situation makes it imperative to reform our foreign exchange system prior to entry into the World Trade Organization (WTO) and the OECD.

The basic purpose of the proposed reform of the foreign exchange system is to strengthen the overseas competitiveness of our enterprises and improve the competitiveness of our country as a whole by enabling our enterprises to positively cope with the changing international economic environment, stimulating their import and export activities, as well as production overseas, and giving them extensive authorization to raise and spend foreign funds.

As a basic direction, reform will be oriented toward converting the current foreign exchange system to a system of "free transactions in principle" in order to back up our outward-oriented economic structure with public measures keeping step with the progress in the internationalization and opening of our economy, as well as toward improving the international competitiveness of the prime movers of our economy.

Shift to Notification System by 1997

Current transactions have been liberalized to a considerable degree under the policy of liberalizing it in principle, but there are still many restrictions. Therefore the degree of liberalization must be increased by these means: Reducing the scope of regulatory restrictions, clearly delineating the exception provisions, and simplifying the account settlement procedures.

These measures may be considered appropriate because there is the growing need to liberalize current transactions under the changing economic environment as the scope of overseas transactions expands, keeping pace with the progress made in the internationalization of our enterprises.

The reform plan calls for, among others, shifting the existing certification system regarding current transactions to a notification system by the end of 1997. For instance, when the commission payable to a foreigner on an import or an export transaction exceeds $200,000, the importer or exporter must obtain permission from the Bank of Korea to make the payment. Payment of a commission smaller than that amount must be certified by a bank. In the future, the certification system will be abolished, and banks will no longer have to examine papers related to commission payments. As a result, enterprises and individuals will save time and money associated with current transactions, and banks will get rid of the burden of examining papers required in the certification procedure.

Under the current regulations, a traveler can carry up to $5,000 on a trip overseas, and remittances to a student studying abroad is limited to $2,000 [per month] to cover their basic expenses. Next year the limits imposed by category will be abolished, and in its place limits on total expenses will be introduced. Beginning in 1997, the use of foreign currency will be more liberalized for travel abroad and other purposes.

With regard to the ceiling on the amount of advance payments for exports, either of two alternatives will be adopted: raise the ceiling gradually in three stages, or raise the ceiling to 30 percent in the third stage so that the ceiling is for all intents and purposes removed. Under the current system, the term of deferred payments for imports is limited to 150 days for the import of goods to be reexported and 60 days for imports for domestic use. The limit will be raised gradually to the customary international standard (180 days). Payments made within this limit will require a notification, but payments beyond this time limit will require permission.

Inasmuch as deferred payments for imports account for the bulk of export credits, they must be liberalized to the level prevailing under customary international practices as soon as possible, keeping pace with the expansion of foreign trade.

Gradual Liberalization of Capital Transactions

The government plans to push forward reform in the area of capital transactions by a more gradual method than reform in current transactions, considering the possible effects on our macroeconomy, such as effects on the volume of currency in circulation, exchange rates, and interest rates. Under the current Law on Foreign Exchange Control, controls over capital transactions fall midway between the pattern of making it free in principle and the pattern of regulating it in principle. But the SFER reform plan calls for shifting the current system to the pattern of liberalizing capital transactions in principle. At the same time, it calls for devising safeguards necessary to counter the possible serious effects of large scale capital inflows and outflows on our domestic financial market, exchange rates, and the capital market.

The inflow of commercial credit has been frozen due to the controversy over the issue of special privileges. However, under the reform plan the government will permit their reintroduction beginning with credits for importing equipment for enterprises in the second stage, and make the introduction of commercial credits a category requiring notification in the third stage, but keep cash loans from overseas under the permission system until the last stage.

As for the issue of securities overseas by our domestic enterprises, listing of stocks will be shifted to a notification system in the first stage. In the case of foreign currency-denominated securities, the issue of stock-related securities such as convertible bonds (CB) and bonds with warrants (BW) will be shifted to a notification system in the second stage. The issuance of won-denominated securities will remain under the permit system until the last stage. However, in the second stage the requirements for obtaining permission will be spelled out and won-denominated securities issues will be allowed on a limited basis depending on the progress in the internationalization of the won currency.

The liberalization of raising capital overseas will enable enterprises to raise capital overseas in various forms, such as by obtaining commercial credits and issuing securities, thereby contributing to improving their international competitiveness by expanding their ability to raise funds and lowering their financial expenses. However, it is feared that when raising capital overseas is liberalized, enterprises and banks might take advantage of the liberalization measure to speculate and make profits from the difference between the interest rates at home and interest rates abroad. Therefore, it is necessary to devise some way to prevent such speculation. For instance, one method worthy of consideration will be the enforcement of a variable deposit requirement (VDR) system under which the borrower is required to deposit a certain portion of the difference between the domestic interest rate and the interest rate on the loan obtained overseas.

Balance Sought Between Capital Inflows, Outflows

Nonresidents' investment in domestic securities will be liberalized in the area of stocks, bonds, and short-term financial products. Currently, in the case of listed companies, up to 10 percent of each line of stock can be owned by nonresidents, and any one nonresident cannot own more than 3 percent of any one line of stock, except for some specific stocks. Under the reform plan, these investment ceilings for nonresidents will be steadily raised until the third stage, and will be removed in 1988 during the third stage, except for specific categories of business. With regard to foreigners' investment in bonds, the reform plan envisions permitting the issuance of income bonds exclusively for foreigners on a limited basis in the first stage; allowing foreigners to invest in long-term unsecured bonds issued by small and medium enterprises in the second stage; and allowing them to invest in listed domestic securities, including national and other public bonds, on a limited basis in the third stage. Investment in short-term financial products will remain under the current permit system until the third stage. However, foreigners will be permitted to underwrite short-term foreign-currency-denominated financial products at the issue market.

Nonresidents' investment in domestic securities has the positive effect of increasing the efficiency of the market, but depending on circumstances, it could undermine the stability of the domestic securities market. Particularly, an inflow or outflow of speculative short-term funds, or hot money, could throw the domestic capital market into confusion. Therefore, some safeguard against this possibility must be worked out.

The liberalization of capital transactions has been carried out in stages, but emphasis has been placed mainly on the inflow of foreign capital. In the future the inflow of foreign capital will be very susceptible to market opening measures partly because domestic interest rates are higher than interest rates overseas and partly because the value of the won is expected to appreciate in the long term thanks to the sound growth of our economy.

On the other hand, there is not much incentive for the outflow of capital overseas. The reform plan calls for liberalizing overseas investment by enterprises and institutional investors as soon as possible and liberalizing overseas investment by individuals by stages. But measures to induce capital outflows contained in the reform plan are insufficient. It is most desirable to remove the side effects of increased capital inflows from overseas by increasing capital outflows. Therefore, the government should work out positive measures to increase capital outflows sufficiently to offset capital inflows.

Foreign Exchange Bank System To Stay

The government plans to maintain the Foreign Exchange Bank system in consideration of the specialty of the foreign exchange business, division of labor among financial institutions, and an effective conduct of foreign exchange business. As for the position system, limits to overall overbought (O/B) and oversold (O/S) positions and spot oversold position are in operation. But the position limitations will be raised in the first and second stage and abolished altogether in the third stage. This is appropriate in view of the need to nurture and expand the capacity of the foreign exchange market keeping step with capital liberalization measures.

The centralized foreign exchange control system will be suspended in the first stage. The Law on Foreign Exchange Control enacted in 1962 to control foreign exchange effectively makes it mandatory to sell private foreign exchange holdings to the Foreign Exchange Bank in exchange for won. Subsequently, the government partly eased the mandatory requirement for channeling foreign currency into the Foreign Exchange Bank as a result of the changing economic condition. Inasmuch as the suspension of centralized foreign currency control may cause economic instability by increasing the fluctuation of macroeconomic factors, such as domestic prices, interest rates, and exchange rates, it must be preceded by efforts to stabilize these factors.

According to the reform plan relating to the internationalization of the won currency, current transactions in won will be actively liberalized for the convenience of importers and exporters and to facilitate foreign trade. On the other hand, the liberalization of the won in capital transactions will be carried out on a limited base in the interest of the autonomy of our domestic financial policy. In general the currency of a specific country can be liberalized when it is fully backed up by the capacity of the real sector of its economy. Therefore the liberalization of the currency should be carried out slowly from a long-range point of view.

The reform plan calls for an early suspension of the real-demand certification system in forward exchange as well as transactions in financial futures to energize the financial futures transaction system. The reform plan (?provides for) the designation of futures brokers and calls for the abolition of various regulatory controls associated with futures transactions. These measures will greatly contribute to revitalizing the foreign exchange market by enabling investors to use hedges against the risk of loss.

Stable Macroeconomic Indexes, Inter-Agency Cooperation

The Ministry of Finance [MOF] will receive a final SFER report based on the recent public hearings by the end of September, and work out its own plan by the end of November. The MOF plans to introduce a bill on revising the Law on Foreign Exchange Control in the National Assembly in early next year after consulting other ministries concerned. The MOF plans to include in the revision bill provisions which will provide the legal ground for implementing the three-stage reform measures described above. After the three-stage reform measures are completed, the MOF will either have the Law on Foreign Exchange Control repealed and transfer controls to other related laws or have substitute legislation enacted.

In the implementation of foreign currency reform, it will be essential to maintain policy consistency because reform will be carried forward to the next administration. Moreover, inasmuch as there might arise an inter-agency conflict of interest among government ministries over the reform of the foreign exchange system, it will be necessary to realize harmonious cooperation among different ministries concerned and harmonize the fiscal, financial, industrial, and trade policies.

On the other hand, when capital inflow and outflow are liberalized by the reform of the foreign exchange system, it will render the management of the domestic currency all the more difficult. An increased influx of foreign currency will have the effect of increasing the volume of currency in circulation and pushing up prices. This in turn may cause the red ink in the current account and a slowdown of growth in a vicious circle. Therefore, for a successful reform of the foreign exchange system, reform must be preceded by the stability of macroeconomic indexes, such as the volume of currency, exchange rates, and interest rates. In addition, the policy authorities should effectively cope with the influx and efflux of foreign capital by accurately projecting the capital movement in advance.

Opposition Urged To Enter National Assembly

SK2311032694 Seoul YONHAP in English 0308 GMT 23 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 23 (YONHAP)—Kim Tae-chung, chairman of the Peace Foundation for the Asia-Pacific Region, Wednesday urged the opposition Democratic Party (DP) to return to the National Assembly to break the current political impasse over the issue of the Dec. 12 military incident of 1979.

In an interview with a weekly magazine, Kim said the opposition party should come out for negotiations to resolve pending issues at the parliament. "As the world has changed, the opposition party should also change."

The retired politician also insisted that a bipartisan summit is essential to settle the political confrontation over the military "rebellion," for which the prosecution has decided not to indict the "masterminds." He also urged the government to listen to the opinions of the opposition party.

Commenting on the chairman's remark, a DP lawmaker close to Kim said they had a general and principal tone, but could be construed as indirectly pointing out struggle methods.

Meanwhile, Kim criticized the prosecution's decision on those involved in the Dec. 12 military incident, saying, "The masterminds of the Dec. 12 incident lead their lives shamelessly while private soldiers who protested against their platoon commanders were sentenced to 10 years' imprisonment."

Referring to recent large-scale accidents, Kim asserted that the incumbent government should have taken preventive steps, blaming faulty work by past regimes.

39 People Face Probe Over Tax Scam in Pupyong

SK2211105294 Seoul YONHAP in English 1032 GMT 22 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 22 (YONHAP)—A total of 2,241 million won in local taxes have been pocketed by tax officials and others in 534 cases in three wards of Pupyong, Kyonggi Province, the Board of Audit and Inspection (BAI) reported Tuesday [22 November] afternoon.

A BAI official said that of the total, 1,270 million won in registration taxes and 107 million won in acquisition taxes were embezzled by Wonmi Ward officials and their collaborators, 354 million in registration taxes by Ojong Ward people and 497 million won in registration taxes and 10 million won in acquisition taxes by Sosa Ward officials.

Seven ward officials and six legal councilors were referred to the prosecution for formal investigation as initial checks revealed their apparent involvement, the official said.

Twenty-six others, including some superiors of the seven officials, would be questioned for their possible involvement in or connivance at the tax scam.

As the embezzlement in Pupyong has been perpetrated over a long period of time, the BAI intends to look into all other local tax-collection offices in the country for possible similar tax embezzlement, the official added.

* Tongyang Completes Aluminum Extrusion Plant

952C0017B Seoul CHUGAN MAEGYONG in Korean 12 Oct 94 pp 50-51

[By reporter Yi Tong-won]

[FBIS Translated Text] Tongyang Steel Company, the number one aluminum sash producer in the country, is scheduled to put into operation on 12 October its fifth plant equipped with an aluminium extrusion machine with a capacity of 18,000 tons.

Tongyang Steel's No. 5 plant, built on a 10,000 pyong-lot with a floor space of over 6,000 pyong at 63-14 Taehwa-tong, Taedok-ku, Taejon City, consists of an 8,000-ton class extrusion machine and peripheral pneumatic equipment. The fifth plant is the largest integrated aluminum extrusion plant in the Orient. The amount of capital invested in it totals 20 billion won, or an amount equal to 20 percent of the company's total annual sales.

According to officials of the company, an aluminum extrusion plant operated by a consortium of five Japanese firms has a capacity of 9,000 tons, but Tongyang Steel's extrusion machine is technically most up-to-date and has the largest capacity in the Orient when its peripheral production equipment is included.

One of the characteristics of the extrusion machine in this plant is that it is a mixture of advanced machine parts made by multinational companies. The main body of the machine was built by (Zamet) of Poland, its peripheral equipment by (Oilgear) of the United States, and the operating know-how will be provided by Bau Aluminium Co. of Germany.

The main body of the extrusion machine used in producing finished aluminium sashes comes from Poland, the pneumatic equipment used in applying pressure from behind in the extrusion process comes from the United States, and assistance in the overall operating system comes from Germany.

This indicates that products of Tongyang Steel's fifth plant are not designed merely to create a new outlet in the domestic housing market. That is why Yi Yong-tok, Tongyang Steel managing director, stressed: "This plant has been completed to produce products suitable to the age of high-tech industry."

The main line of products in this plant is high-tech materials used in building: light-weight high-speed electric trains, rolling stocks, and medium-size aircraft; high added-value ships such as passenger liners and luxurious pleasure boats; and lightweight ocean engineering structures and other transportation facilities—the kinds of products well matched with the plant's 8,000-ton extrusion capacity.

In the past, aluminum materials were produced mainly for building use, and we have been dependent on imports for the supply of most high added-value industrial aluminium materials. Building materials directed at the housing and other construction markets were the main line of aluminum business at Tongyang Steel. But from now on the company will be producing higher quality aluminium, namely, industrial aluminum materials. According to company officials, products of Tongyang Steel are expected to substitute more than 50-billion-won worth of imported industrial aluminum materials a year.

The opening of the No. 5 plant is a gambit aimed not only at the domestic aluminum market but also at the Chinese and Southeast Asian markets where there is an investment boom in social infrastructures. Japan, which is eyeing the Chinese and Southeast Asian markets, is the rival Tongyang Steel has to beat.

Japanese aluminum producers have been feeling a bite on the line in their effort to have a piece of the action in the prospective investment boom in infrastructures in the Chinese and East Asian markets. Unlike simple building materials, high-tech materials used in social overhead capital construction are products requiring advanced technology in their production. Japan has a highly advanced aluminum producing technology as demonstrated by the completion of the Sinkansen high-speed electric railway line with its own technology.

(Bau Aluminum Company), a powerful European aluminum producer, decided to tie up with Tongyang Steel because the two found a common interest in their strategies to capture the Chinese and Southeast Asian markets. The purpose of their tie-up is to compete with Japan in these golden fishing grounds with a combination of Korean and German technologies.

Those who know Tongyang Steel well are clearly surprised by the aggressive stance of that company because once Tongyang Steel was synonymous with conservative management. It was unthinkable only a few years ago that the company would take such a dynamic posture to complete the No. 5 plant, participate in a consortium of social overhead capital, and form a strategic tie-up to explore overseas markets on its own initiative.

But Tongyang Steel has been changing since the early 1990's. The pace of change began to accelerate after second-generation executive Pak Min became its president. The increasing trend of sales proves that the shift from conservatism to change has been a success.

While other aluminum producers were experiencing bad times, the volume of sales at Tongyang Steel has been moving on the rising curve. Its sales rose from 70.4 billion won in 1990 to 86.6 billion won in 1991 to 92.9 billion won in 1992. The volume rose to 111.2 billion won in 1993. The margin of increase is expected to grow when the No. 5 plant goes into operation next year. The net earnings curve also smoothly rose from 800 million won in 1990 to 4.6 billion won in 1993.

The main products of the company are aluminum sash, fire-proof doors, and furniture. In addition, the company, which has long been a defense industry, is still producing some products for military use. However, aluminum sash has the lion's share of the company's sales. Aluminum parts account for 80 percent of the total sales.

Tongyang Steel once gave priority to the production of metal furniture and that of fire-proof doors, a new item, when the housing market shrank spurring fierce competition in the aluminum industry. That is why high value-added, high-tech furniture still accounts for a certain portion of the company's earnings.

Ministry To Exhibit 1960-64 Diplomatic Documents

SK2311013894 Seoul YONHAP in English 0112 GMT 23 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 23 (YONHAP)—Diplomatic documents that the government made or received from foreign governments between 1960 and 1964 will be made public next week, a government official said Wednesday.

The documents cover such subjects as the resignation of the country's first President, Dr. Syngman Rhee, in 1960 in the wake of the April 19 revolution and the ensuing military coup d'etat of May 16, 1961, by Gen. Pak Chong-hui.

The government will hold a meeting of working-level officials from various ministries including the Foreign Ministry by this weekend to make a final decision on which documents are to be opened to the public.

The official said, "The government's preliminary examination team has worked to select those diplomatic documents which can be opened to the public, under the principle that the government make public diplomatic documents from 30 or more years ago."

He said microfilm will be taken of the selected diplomatic papers and made available to the general public next January. First, however, the government plans to show the documents to the press next week.

"But the preparatory documents for the Korea-Japan agreement made during the period will be screened in 1995 for opening to the public, because the agreement was signed in 1965 and 1995 will mark the 30th year," the official said.

The documents being opened this time comprise 100,000 pages of 800 kinds of telegrams, agreements, statements and others.

Guidelines Revealed for Technological Development

SK1911041394 Seoul THE KOREA HERALD in English 19 Nov 94 p 8

[FBIS Transcribed Text] The Ministry of Trade, Industry and Energy (MOTIE) yesterday revealed a set of guidelines for a more systematic development of industrial technology.

The guidelines came almost one year after the ministry declared the inauguration of a "technology drive." At the outset of this year, the ministry pledged to mount an aggressive campaign to promote industrial technology development.

The ministry's campaign was based on the acute realization that technology development is the only means to sharpen the nation's industrial competitiveness and reshape the industrial profile.

Under the guidelines, the ministry primarily presented six industrial sectors which will be given priority in allocation of limited government funds for technological development.

The six priority sectors are:

—Semiconductors, flat-panels and automobiles which the nation should foster as strategic industries,

—Casting, welding, heat treatment and other pan-industry common technologies,

—Environment and information-related technologies for whose development efforts by the private sector alone are not sufficient,

—Material and parts technologies where the nation is structurally weak,

—Automation and systematization technologies which are required to improve productivity and working conditions,

—Farm machinery, dying and other technologies specifically for small- and medium-sized firms.

From these six priority sectors, specific technology development projects will be selected on the basis of the following three criteria: targeting, strategic positioning and diffusion.

Targeting means focusing support on technologies with large inter- and intra-industrial spin-off effects; strategic positioning refers to fostering of such technologies as those which enable strategic alliance with technologically advanced nations; and diffusion is the criteria to select technologies with wider applications.

Based on these criteria, the ministry has selected 171 development projects from the six priority sectors. They include 62 projects in the machinery and material sector, 45 in the electronics and information field and 64 in the textile and chemical sector.

The ministry, however, stopped short of setting an order of priority among these projects; it will be done next March when "technology survey groups," which consist of experts from industry, academia and the government, will have finished intensive research on market demand and the direction of the technologies in the given fields.

According to ministry officials, 44 such survey groups have been formed with a total of 480 experts.

The ministry plans to spend a total of 363.3 billion won in government funds to develop industrial technologies next year.

Burma

Khin Nyunt Receives PRC Delegation in Rangoon

BK2211145194 Rangoon Radio Myanmar in Burmese 1330 GMT 22 Nov 94

[FBIS Translated Text] Lieutenant General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council [SLORC] of the Union of Myanmar [Burma], received Mr. Wan Guoquan, vice president of the Chinese Association for International Understanding and vice chairman of the National Committee of the Chinese People's Political Consultative Conference, and delegation at the Defense Ministry's Dagon House at 0830 this morning.

Also present at the occasion were U Ohn Gyaw, minister of foreign affairs; Thura U Aung Htet, director general of Protocol Department; and PRC Ambassador Mrs. Chen Baoliu.

Than Shwe Receives Malaysian General

BK2211144594 Rangoon Radio Myanmar in Burmese 1330 GMT 22 Nov 94

[FBIS Translated Text] Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] of the Union of Myanmar [Burma] and commander in chief of the Defense Services, received General Tan Sri Borhan Bin Haji Ahmed, the visiting Malaysian defense services commander in chief, and delegation at the Defense Ministry's Dagon House at 1000 this morning.

Also present were Gen. Maung Aye, deputy commander in chief of the Defense Services and army commander in chief; Vice Admiral Than Nyunt, navy commander in chief; Lieutenant General Thein Win, air force commander in chief; Lt. Gen. Khin Nyunt, chief of strategic studies of the Defense Ministry and director of Directorate of Defense Services Intelligence; Lt. Gen. Tin U, commander of No.1 Bureau of Special Operations and army chief of staff; U Ohn Gyaw, minister of foreign affairs; and Major General Tin Ngwe, air force chief of staff.

The visiting delegation was accompanied by Malaysian Ambassador Mr. John Tenewi Nuek and Military Attache Lieutenant Colonel Tan Sri Bin Hashim.

UN Official Meets Convention Delegates

BK2311022094 Rangoon Radio Myanmar in Burmese 1330 GMT 22 Nov 94

[FBIS Translated Text] Mr. Rafeeuddin Ahmed, representative of the UN secretary general and UN under secretary general; Mr. (Francis Bindra), director of East Asia and Pacific Division of the UN Political Affairs Department; and Miss (Zin Aung Htoo), in charge of Myanmar [Burmese] Affairs of the Political Department; met with National Convention Convening Commission Members U Aung Toe, chairman of the National Convention Convening Work Committee [NCCWC]; U Aye Maung, NCCWC secretary; U Thaung Nyunt, Joint Secretary-1; and U Aung Khin Tint, NCCWC member, at the NCCWC office at the Kyaikkasan Grounds in Yangon [Rangoon] at 0930.

At the meeting, questions on National Convention asked by the UN under secretary general and party were acknowledged by the NCCWC members in a cordial and frank manner. The visitors were also presented with appropriate books and literature on the National Convention.

Next, the visitors inspected the NCCWC reference library and the Meeting Hall No. 1 of the National Races. Later, the UN under secretary general and delegation studied in progress the coordination meeting of the national convention delegate group representing special invitees in Meeting Hall No. 2, the scrutinizing and discussion of the proposal report by the panel of chairmen and the compilation of the proposal report by the delegate group representing civil service personnel in Meeting Hall No.8.

The panel of chairmen of the delegate group representing civil service personnel next answered the questions of the UN under secretary general and party.

1,501 Refugees Return From Bangladesh 9 Nov

BK2311100494 Rangoon THE NEW LIGHT OF MYANMAR in English 12 Nov 94 p 6

[FBIS Transcribed Text] Yangon [Rangoon], 11 Nov—Altogether 1,501 persons of 296 households arrived back from Bangladesh at the reception camps on 9 November under the agreement reached between Myanmar [Burma] and Bangladesh. A total of 100,116 persons have arrived back from Bangladesh between 22 September 1992 and 9 November 1994.

Karen Rebels Reportedly Ready for Peace Talks

OW1911100994 Tokyo KYODO in English 0952 GMT 19 Nov 94

[FBIS Transcribed Text] Yangon [Rangoon], Nov. 19 KYODO—Myanmar's [Burma's] largest ethnic rebel group, the Karen National Union (KNU), will soon dispatch representatives to Yangon to prepare for peace talks with the ruling military, an Anglican bishop who is mediating between both groups said Saturday [19 November].

"The KNU has the intention to enter peace talks provided that the government proves in preparatory talks that it has a serious interest," the bishop, who requested anonymity, said in an interview with KYODO news service.

Since its military coup in September 1988, the junta in multiethnic Myanmar, formerly known as Burma, has managed to successively appease several ethnic rebel groups including the Kachin Independence Organization and the Mons in separate peace agreements.

But three organizations, first of all the powerful KNU, which earlier this year was involved in negotiations with the junta known as the State Law and Order Restoration Council (SLORC), on behalf of an alliance of rebel groups, have not yet given up resistance from their bases along the Thai border.

An agreement with the KNU is expected to bring SLORC a big step forward in its efforts to subdue rebel activities.

The Karen rebels already said in January they will respond to separate peace talks but attached conditions SLORC would not accept.

At the time, the KNU said the peace talks must be held outside the country and that a neutral third party such as the United Nations should be involved in the negotiating process.

The bishop said he visited the Karen headquarters near Manerplaw, on the Thai border, three times over the last two months to hold talks with KNU President Bo Mya, who doubles as the chief of staff of the Karen National Liberation Army.

Bo Mya reportedly said he wants to see "certain changes" in Yangon's attitude. The KNU leader also asked the bishop to convey to SLORC the message that the rebels "would like to have a peace-oriented meeting."

He also displayed readiness to dispatch a delegation to Yangon to hold preparatory talks. Apparently eager to get to the negotiating table, the KNU also made concessions on its earlier demands saying the talks could take place in any "neutral location."

Instead of UN mediators, the group would also accept clergymen from Myanmar as the third party, an idea which Yangon indicated would get its approval, the bishop said.

Delegates Continue Meetings on Proposal Reports

BK2311023594 Rangoon Radio Myanmar in Burmese 1330 GMT 22 Nov 94

[FBIS Translated Text] A coordination meeting of the Panel of Chairmen of the National Convention delegate group representing civil service personnel was held at 0930 this morning in Meeting Hall No. 8. The meeting scrutinized and discussed the collective proposal report of 21 members of the civil service personnel delegates of Hostels Nos. 1 and 11 on the chapter of the constitution on the judiciary. The report is to be presented to the National Convention plenary session. The meeting ended at 1045 after delegates decided to hold the next meeting at 0930 on 23 November.

The meeting of the group representing special invitees was held at 0930 today in Meeting Hall No. 2. Following the opening address by the alternate chairman, Myanmar [Burmese] Historical Commission Vice Chairman U Sai Aung Htun, the proposal paper on the chapter of the constitution on legislation was presented by Retired Ambassador U Ko, while the chapter on administration was presented by U Saw Tun Sein from the War Veterans Organization. The meeting was recessed at 1105.

When the meeting resumed at 1300, the proposal paper on the chapter of the constitution on administration were submitted by Dr. Tin Tin Hmun, chairman of the Myanmar [Burma] Maternal and Childcare Association; and U Saw Hla Tun, school teacher from Chaung-U Township, Sagaing Division. The meeting was recessed again at 1345.

When the meeting resumed at 1415, the chapter of the constitution on administration was read by U Hkun Aung Tha from Southern Shan State Special Region No. 6. After the closing speech by the alternate chairman, the meeting ended at 1450 after delegates decided to hold the next meeting at 0930 on 23 November.

Finance Ministry Issues Notification on Taxes

BK2311100194 Rangoon THE NEW LIGHT OF MYANMAR in English 11 Nov 94 p 2

[Notification No. 141/94 issued by the Government of Union of Myanmar Ministry of Finance & Revenue Minister's Office in Yangon, dated November 9, 1994]

[FBIS Transcribed Text] Subject: **Tax relaxation to facilitate investments in respect of the money and the value of property declared voluntarily by the private sector.**

1. With a view to facilitating extensive investments by the private sector in line with the changed economic system of the State, tax relaxation had been granted in respect of the money and the value of property declared voluntarily, by Notification No. 22 dated the 7th day of February 1990 and also by Notification No. 157 dated the 15th day of December 1990.

2. It is now learnt that there still remain many persons who for various reasons did not have the opportunity to make such declarations at the time the aforesaid grant was accorded. Furthermore, it is learnt that some entrepreneurs who, although being in possession of money and assets, have not paid the tax due on such money and assets for various reasons, and are therefore finding difficulty in putting such money and assets to overt investments.

3. Therefore, in order to invest their money and assets without worry or care, private entrepreneurs may make voluntary declarations in respect of money and property for which no profits tax has hitherto been paid and submit their returns to the respective Township Revenue

Office during the period beginning from November 9 1994 through March 31 1995.

4. The following tax relaxations shall be accorded where the money and the value of property voluntarily declared amount to kyats 500,000—kyats five lakhs—and above;

a. where pure cash is declared and deposited into any of the State banks, profits tax at a flat rate of 20 percent shall be assessed only once;

b. where a building is constructed for self occupation, or where capital assets such as land, building, and vehicle et cetera are purchased for personal use, profits tax at a flat rate of 15 percent shall be assessed only once;

c. where capital is invested for the manufacture of commodities and for the running of such concerns; where industrial concerns are established for business enterprises and capital is invested for the running of such business; where buildings are constructed which are conducive to the development of the State economy; where State-owned industries or workshops are purchased or hired, or investment is made on shares for the running of such industries or workshops—profits tax shall be assessed at a flat rate of 10 percent only once;

d. such money and the value of such property declared shall not be aggregated and assessed together with other income but shall be assessed separately; and

e. the imposing of penalty under the Profits Tax Law shall be exempted.

5. The granting of the above tax relaxations is meant for money and the value of property which were derived from undisclosed sources, and for which profits tax has not hitherto been paid. Therefore this notification does not cover income which have been subjected to tax.

6. Those owners of money and property which were derived from undisclosed sources who fail to declare within the prescribed time shall be dealt with according to the existing Profits Tax Law.

7. This notification shall not be relevant to those cases upon which action has been taken either under the Profits Tax Law or the Law Relating to action to be taken against the Possession, Purchase, or Sale of Property Acquired by Unlawful Means.

[Signed] **Brigadier General Win Tin,** Minister, Ministry of Finance & Revenue

Brunei, Malaysia & Singapore

Malaysia

Former Al-Arqam Leaders Held Under Security Act

BK2311103194 Kuala Lumpur NEW STRAITS TIMES in English 23 Nov 94 p 2

[FBIS Transcribed Excerpt] Kuala Lumpur, Mon. [21 November]—Two former leaders of the outlawed Al-Arqam movement, Fakhrul Razi Ashaari and Sabri Abdul Rani, have been detained under the Internal Security Act [ISA]. Federal Police headquarters deputy public relations chief Deputy Superintendent Mahsuri Zainal said today they surrendered to the police at the Jalan Travers police station here on November 7. They were among the movement's senior leaders wanted by police.

Fakhrul Razi, former Al-Arqam leader Ashaari Muhammad's son, who is one of the two former deputy leaders of the movement, and Sabri were believed to have been in hiding in London when the police launched an operation to pick up the movement's leaders. Police are also looking for Ashaari's former deputy, Halim Abas, who was last seen in Indonesia. Ashaari, his wife Khadijah Aam and six other followers, who were also detained under the ISA between September 2 and 24 have since been released. [passage omitted]

In Johor Baru, the director-general of the Religious Affairs Division of the Prime Minister's Department, Datuk Zainal Abidin Abdul Kadir, said the Government is taking steps to integrate over 10,000 children of former members of the banned Al-Arqam movement, into government schools. [passage omitted]

Zainal Abidin said that many government officials, as well as reformed former leaders of the movement, had also made trips to Egypt, Jordan and Uzbekistan to convince Malaysian students who were members of the movement to return to the true path. He said, so far, 15 such students studying at the College of Languages in Uzbekistan had repented and returned to Malaysia. [passage omitted]

Meanwhile, Zainal Abidin said that Ashaari and his main followers were making a tour of the country to convince remaining 6,000 members of the movement to return to mainstream society. "Many Al- Arqam followers still remain doubtful as to the authenticity of Ashaari's public confession on television.

"Some still think he was coerced into his public confession or that the confession was staged. "They do not understand that the confession came about from a genuine realisation on the part of Ashaari that he had mislead his followers."

He said the Religious Department hoped the personal appeal by Ashaari to his former followers would help iron out the situation.

Editorial Views APEC's Bogor Declaration

BK2311114594 Kuala Lumpur BERITA HARIAN in Malay 17 Nov 94 p 10

[Editorial: "The Declaration: Proof That Malaysia's Voice Was Heard"]

[FBIS Translated Text] The APEC [Asia-Pacific Economic Cooperation] summit in Bogor yesterday finally agreed to take into account the different levels of economic development of all member nations before liberalizing trade in the Asia-Pacific region by 2020. Simultaneously, APEC will oppose any attempts to create a trade bloc that may derail the objective of achieving free world trade. The most interesting part of the meeting attended by 16 heads of states and two senior ministers was the willingness to accept Malaysia's views that such cooperation should not be bound by any timetable on trade liberalization.

The Malaysian views were accepted as an annex to the eight-page declaration read by President Suharto yesterday. Thus, the rapid or slow pace of the implementation of the declaration will take into account the different levels of economic development among member nations.

Their unanimous acceptance of the Malaysian views has infused new blood into the cooperation because Malaysia has individually but openly opposed trade liberalization and the institutionalization of APEC since the very beginning. Malaysia's firm stance, which was voiced by Prime Minister Datuk Sri Dr. Mahathir Mohamed before the Seattle summit last year, even led to speculations that the Jakarta summit would fail to achieve its objective.

Nevertheless, Malaysia's firmness, based on reality and the interests of the member nations, most of whom are developing ones, was quietly supported. The result was a declaration endorsed by all parties, including Malaysia. Mahathir said following the meeting yesterday that Malaysia endorsed the declaration because member nations would not be forced to open their markets in 2020 if they were not ready.

As stated several times earlier, Malaysia believes that the APEC member nations should implement the Uruguay Round agreements. They can only liberalize trade on the basis of their respective levels of economic development and economic capabilities, while the process must be compatible with the GATT and WTO agreements and be open to non-APEC members. For us, any timetable on implementation of the policy is not important because the determination of the APEC member nations to achieve free trade is the main point.

If the developing APEC member nations are still unable to compete with other member nations by 2020, they will not have to be forced to open their markets.

Obviously, the Bogor Declaration proved again that Malaysia's voice was heard by the international community, particularly the United States and Australia. The fact that journalists were looking for and national leaders were meeting Dr. Mahathir while he was in Jakarta for two days proved that our firmness was respected by both the friends and opponents. Malaysia has no intention of being senselessly incalcitrant just to gain cheap popularity.

As stated by Dr. Mahathir, Malaysia's foreign policy is to make friends, not enemies. We are friendly with all nations because no one will be friendly with us if we frequently adopt a hostile policy. More importantly, no one will have business dealings with us and invest in the country if such a policy is adopted. Our economy will in turn become weak, unemployment will go up, and the political situation will become unstable.

Nevertheless, the policy does not mean that we can be indiscriminately manipulated by great powers. As an independent and sovereign nation, Malaysia has self-dignity. Accordingly, we have continually voiced our firm stance on appropriate issues and fought for global justice in the political, economic, and social areas.

There is a difference now. Malaysia's firm stance is no longer ignored by great powers because we proved to them the success of our justice concept at home before voicing our position at the international scene. In this regard, the success of the APEC summit in Bogor yesterday was also Malaysia's success.

Singapore

New Singapore People's Party Officially Approved

BK2311102894 Singapore THE STRAITS TIMES in English 22 Nov 94 p 22

[FBIS Transcribed Text] Singapore's newest political party, approved by the Registrar of Societies yesterday, will invite Mr. Chiam See Tong to stand under its banner in the next general election, its secretary general said last night.

Mr Sin Kek Tong told THE STRAITS TIMES that his Singapore People's Party (SPP) will ask Mr Chiam to cross over from the Singapore Democratic Party (SDP) when Parliament is next dissolved.

The SPP was formed by the breakaway faction of SDP members who supported Mr. Chiam against the Central Executive Committee (CEC) led by Mr. Ling How Doong and Dr. Chee Soon Juan.

Mr. Sin filed the application to register the new party in July after failing to dislodge the SDP CEC.

Mr. Chiam has declined to say if he would join the new party. But in August, he was spotted on a walkabout in Braddell Heights together with Mr. Sin.

If the Potong Pasir MP defects immediately from the SDP, Singapore's Constitution would demand that he vacate his parliamentary seat in the process.

"It is only feasible to ask him after Parliament is dissolved," Mr. Sin said.

In a brief statement yesterday to announce his party's official registration, the secretary general said that it wanted to establish itself as a credible party with Singapore's long-term interests at heart. It called on "honest and able citizens" to support and join the party so as to build a "democratic, prosperous, and civic society" in Singapore.

Mr. Sin has touted the SPP as a more moderate version of the SDP. He said last night that the SPP wanted to live in peace with the SDP. For example, it would not try to enter wards traditionally contested by the SDP. The new party's 11 Executive Committee members include chairman Syed Farid Wajidi, 37, a senior supervisor, and treasurer Yong Seng Fatt, 42, a businessman. So far, it has about 20 other supporters who will join as members, Mr. Sin said.

Cambodia

Delegation Leaves for Talks With SRV

BK2211123394 Phnom Penh AKP in English 0941 GMT 22 Nov 94

[FBIS Transcribed Text] Phnom Penh AKP November 22—A technical team left for Hanoi yesterday to negotiate an end to the blocking of Cambodia-bound ships (?halted by) Vietnamese authorities on the Mekong river, reports CAMBODIA DAILY.

The team, which includes representatives from the ministries of commerce, foreign affairs, and agriculture, hopes to amend an agreement signed in April by former commerce minister Va Huot requiring ships to register with the Vietnamese Ministry of Commerce and excludes transport of a lengthy list of goods.

Lu Laysreng, secretary of state for commerce, stressed the Vietnamese should not be blamed for enforcing the existing agreement. "Both sides must sit down and talks", he said.

Hun Sen Chairs Plenary Cabinet Meeting 23 Nov

BK2311061494 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 23 Nov 94

[FBIS Translated Text] Samdech Hun Sen, second prime minister of the Royal Government of Cambodia, presided over a plenary cabinet meeting at 0830 this morning, 23 November. The meeting examined a draft article on the process of restructuring the public service; a draft decree determining the rights of the prime ministers, the defense minister, and the General Staff chief to propose appointments, promotions, transfers, or terminations of employment; and the bill on military service.

Hun Sen Says Country To Face Rice Shortage

BK2211122394 Phnom Penh AKP in English 0949 GMT 22 Nov 94

[FBIS Transcribed Text] Phnom Penh AKP November 22—"Cambodia would face a lack of 200,000-300,000 tonnes of food supply in 1995," said Second Prime Minister Hun Sen.

He made this comment [words indistinct] working session on the agricultural development in Cambodia, which was organized here on November 16 by ADOR [expansion unknown] the aid project of the donor community.

[Words indistinct] foreign embassies to Cambodia and 35 representatives [passage indistinct] the shortage of food supply would result from big floods and insufficient rain in the late monsoon season, Hun Sen said adding that the international organizations had been appealed to provide the needy people with food supply in exchange for labour forces with [passage indistinct] the aim at renovating dikes and roads damaged during the [words indistinct] rainy season.

During the session, the discussion focused [words indistinct] agricultural development in the remote areas, the improvement of the living conditions for the people, the technical training, the development of human resources, free market development and other projects.

The second prime minister was convinced that ADOR would provide its aids to Cambodia for the national development and pledged to support all projects put forth by ADOR.

Assembly Approves Amendments to Financial Law

BK2311045094 Phnom Penh National Radio of Cambodia Network in Cambodian 0200 GMT 23 Nov 94

[FBIS Translated Text] The 3d session of the National Assembly's [NA] first legislature debated and approved the draft law on the amendment to the 1994 financial law proposed by the Ministry of Economy and Finance on 22 November. Articles 2, 4, 6, 20, and 55 of the 1994 financial law promulgated by a decree dated 28 December 1993 have been amended.

The amendment law keeps intact the maximum credit of 889,600 million riels [Cambodian currency] for the state's general expenditure in 1994. The credit is redivided into 585,600 million riels for permanent expenditure and 304,000 million riels for a reserve.

Before the draft amendment law was approved by 85 votes to 4, assembly members raised scores of questions about it.

Indonesia

Demonstrators To Leave U.S. Embassy 24 Nov

BK2311101694 Hong Kong AFP in English 1008 GMT 23 Nov 94

[FBIS Transcribed Text] Jakarta, Nov 23 (AFP)—A group of East Timorese protestors who launched an occupation of the US embassy compound here on November 12 will leave Thursday for Portugal, which has offered them political asylum, a reliable source said Wednesday.

"The East Timorese will not be leaving the embassy today, but if everything goes well, will do so tomorrow," the source, who is close to the standoff, said. On Tuesday, the demonstrators announced they had accepted an offer of political asylum in Portugal, as they feared retaliation from the police if they left the compound.

Suharto Comments

BK2311104994 Jakarta ANTARA in Indonesian 0952 GMT 23 Nov 94

[FBIS Translated Excerpt] Jakarta, 23 Nov (ANTARA)—President Suharto has reiterated that the Indonesian Government will not prevent anti-integration East Timorese youths from going to Portugal. This applies to the 29 youths who are in the U.S. Embassy compound.

"Please go to Portugal. We do not object if the 29 East Timorese youths who are still in the U.S. Embassy compound want to leave for Portugal. If more East Timorese would like to leave, we are happy to let them do so," President Suharto said in Jakarta on Wednesday while commenting on the action of the youths, who are opposed to East Timor's integration with Indonesia.

Speaking with journalists, Mohamed Isnaeni, member of the 17 August 1945 Foundation, quoted the head of state as saying that Indonesia accepted the East Timorese people's wish to integrate with the country in 1976 for the sake of respecting human rights. [passage omitted]

Minister Cites Benefit of Trade Liberalization

BK2211131494 Jakarta ANTARA in Indonesian 1121 GMT 22 Nov 94

[FBIS Translated Excerpt] Jakarta, 22 Nov (ANTARA)—Trade Minister S.B. Yudono says APEC [Asia-Pacific Economic Cooperation] member nations will become the markets for Indonesia's export products.

Thus, the commitment of APEC economic leaders in Bogor to free trade and investment no later than 2020 will not make Indonesia merely a market for developed nations, he said in a working meeting with House Commission VII led by Lukman R. Bur from the Armed Forces Faction in Jakarta on Tuesday [22 November].

According to him, Indonesia's ability to penetrate into the APEC markets is reflected in the growth of Indonesian exports to these nations during the 1989-93 period, which averaged 12 percent annually.

Based on data of the Central Bureau of Statistics, Indonesian exports to the APEC members rose by 7.18 percent last year compared to the previous year. Meanwhile, its imports grew by only 0.59 percent during the same period. [passage omitted]

Laos

PRC Security Ministry Delegation Ends Visit

BK2311095794 Vientiane Vitthayou Hengsat Radio Network in Lao 0430 GMT 23 Nov 94

[FBIS Translated Text] The PRC Ministry of Security delegation headed by Deputy Minister Bai Jingfu returned home at noon on 17 November after paying a four-day friendship visit to the Lao People's Democratic Republic [LPDR] at the invitation of the LPDR Interior Ministry

During its stay in the LPDR, the delegation paid courtesy calls on Khamphoui Keoboualapha, deputy prime minister and chairman of the Committee for Planning and Cooperation; and Asang Laoli, interior minister. The delegation also held talks with the Interior Ministry delegation headed by Siangsom Kounlavong to exchange views and lessons on issues of mutual interest in order to further strengthen solidarity between the LPDR and the PRC.

On hand at Wattai Airport to see the delegation off were Deputy Interior Minister Siangsom Kounlavong and a number of police officers and cadres concerned as well as Li Jiazhong, PRC ambassador extraordinary and plenipotentiary to Laos.

SRV Prime Ministry Delegation on Visit

Counterparts Hold Talks

BK2211132194 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 21 Nov 94

[FBIS Translated Text] On the morning of 21 November at the Prime Minister's Office [PMO], a meeting was held between the PMO delegations of Laos and Vietnam, respectively headed by Phao Bounnaphon, minister and chief of the PMO of Laos; and Le Xuan Trinh, minister and chief of the PMO of Vietnam, which is visiting the Lao People's Democratic Republic from 20 to 24 November.

The meeting proceeded in an atmosphere of friendship and mutual understanding. Bui Vanh Thanh, SRV ambassador extraordinary and plenipotentiary to Laos, was also present. At the meeting, the two sides exchanged views and informed one another about the implementation of their socioeconomic development policies, especially the restructuring policies outlined by the parties in each country. In addition, the two sides also exchanged views and learned lessons from one another in operating the PMO's, including their ties and mutual cooperation, to incessantly strenghten the special relations of friendship, solidarity, and comprehensive cooperation between the parties, governments, and peoples of Laos and Vietnam.

The delegation of the SRV PMO headed by Minister Le Xuan Trinh arrived here for the visit at noon on 20

November. During the visit, the delegation is scheduled to visit many production establishments in Vientiane Province and Municipality and will pay courtesy calls on a number of important Lao leaders.

Vice Premier Receives Delegation

BK2311024994 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 23 Nov 94

[FBIS Translated Text] The delegation of the SRV Prime Minister's Office [PMO] headed by Le Xuan Trinh, minister and head of the SRV PMO, paid a courtesy call on Khamphoui Keoboualapha, deputy prime minister and chairman of the Committee for Planning and Cooperation, at the committee's office yesterday afternoon.

During the call, the SRV PMO delegation informed the deputy prime minister of the outcome of its talks to exchange views and to draw experience with its Lao counterpart in implementing socioeconomic development policies, especially the policies on restructuring outlined by each country.

In the meantime, Khamphoui Keoboualapha extended a warm and intimate welcome to the delegation and hailed its visit to Laos, saying that it would contribute to further strengthening the special relations and comprehensive cooperation between the parties, states, and peoples of Laos and Vietnam. He wished the SRV delegation success in its visit to Laos.

On the same afternoon, the SRV delegation also called on Boun-gnang Volachit, mayor of Vientiane Municipality.

Philippines

Manila Welcomes PRC-SRV Consensus on Spratlys

BK2311084094 Quezon City PTV-4 Television Network in English 0644 GMT 23 Nov 94

[Weekly news conference by President Ramos with domestic and foreign correspondents at Malacanang Palace in Manila—live]

[FBIS Transcribed Excerpt] [passage omitted] [Correspondent Ellen Tordesillas] Sir, Vietnam and China yesterday agreed to negotiate on the [changes thought] ...start negotiating on the Spratlys issue, and they also agreed to set up an experts group to discuss the dispute over Spratlys. How does it affect our claim on the portion of Spratlys? And shouldn't we [pauses] ...shouldn't all agreements in the Spratlys be ...involve all claimants?

[Ramos] Well, we in the Philippines welcome that development between Vietnam and China vis-a-vis the Spratly Islands because this will improve the atmosphere of stability, friendship, and harmony among the claimants. The ASEAN countries, as well as the so-called dialogue partners, including China and Vietnam, have agreed to the peaceful resolution of conflicts in the South China Seas and the joint and peaceful exploration and development of those islands. And this has been a policy respected and adhered to by everyone concerned since July 1992, after the so-called Manila Summit, or the Manila Declaration. So, we welcome that development. [passage omitted]

Official Says PNP Ready for Counterinsurgency

BK2311114894 Manila PHILIPPINE DAILY INQUIRER in English 19 Nov 94 p 4

[Report by Armand Nocum]

[FBIS Transcribed Text] The Philippine National Police [PNP] is ready to take over the counterinsurgency operations from the Army in January, Interior Secretary Rafael Alunan III said yesterday. He said that with a force of 97,000 men, the police can handle the fight against insurgency.

At present, the Armed Forces of the Philippines bear the brunt in waging the fight against leftist, rightist, and Moro rebels. The transfer of the counterinsurgency operations to the police is provided for by the Philippine National Police Law, Republic Act No. 6975.

"The capability of the PNP to handle one particular threat group—the Communist Party of the Philippines [CPP], the New People's Army [NPA], and the National Democratic Front—is such that we can meet them anywhere as far as the armed confrontation is concerned," he said. He said present estimates place the armed members of the CPP-NPA to only 7,000. However, Alunan said that with the Department of Interior and Local Government (DILG) leading the campaign, military might will only comprise 20 percent of the DILG's strategy in resolving the problem of insurgency.

"Insurgency is a political problem, and therefore, it has to be addressed politically," he said. He asked local government officials to clean up their act and work harder for development as a more effective way of fighting insurgency.

"Counterinsurgency has nothing to do with shooting people; it has a lot to do with justice; it has a lot to do with raising the quality of its life of our people; it has a lot to do with delivering basic service as people expect them to be delivered; it's spending our resources wisely, legally, and legitimately; it's planning properly and implementing the program in time—this is basically our counterinsurgency program," he said.

All these efforts, he said, should work to "convince the people that, finally, government is working for them."

Talks With MNLF Scheduled for After May Polls

BK2111111594 Manila THE MANILA CHRONICLE in English 18 Nov 94 pp 1, 2

[Report by Disraeli G. Parreno]

[FBIS Transcribed Text] The third round of peace talks between the government and the Moro National Liberation Front (MNLF) will be held in the country after the May 1995 elections, Rep. Eduardo Ermita disclosed yesterday.

Ermita (Lakas-NUCD [National Union of Crhistian Democrats—political party], Batangas), vice chairman of the government panel, said in an interview that while the formal peace talks were "suspended" due to the forthcoming national elections, the joint subcommittees and the ad hoc working committee of the government and MNLF panels had set the basis for the next round of formal talks.

He said ad hoc working committee will meet 25-30 November to iron out points on the "most contentious issue" on the transitory period of the Autonomous Region for Muslim Mindanao sought by the MNLF. He added MNLF Chairman Nur Misuari will come home from Jeddah for the meeting, which will also be attended by representatives from Indonesia, Bangladesh and the assistant secretary-general of the Islamic Conference Organization (ICO).

Mahodini Al Hassan, MNLF acting joint cease-fire committee (JCC) chairman, said Misuari has been authorized to bring 100 armed security, including 15 close-in body guards.

Misuari, he added, will stay in Maimbung, Sulu. The mixed committees of the peace panels will meet in January, Ermita said. "So you see, work is still going on even if the formal talks are still a long way," he stressed.

Ermita disclosed that the ad hoc committee, headed by DILG [Department of Interior and Local Government] Undersecretary Alexander Aguirre, will try to work things out on the transitory period, as well as assess the ARMM [Autonomous Region of Muslim Mindanao].

You see the MNLF does not recognize the (existing) autonomous government since they want the whole of the 13 provinces included," Ermita pointed out. "They claim that they are not included in the autonomous government but we have a law to follow," he said.

He explained that the 1976 Tripoli Agreement included the 13 provinces for autonomous government "but Section 6 states that this has to be done through constitutional process."

Ermita added that the talks is 50.5 percent successful and that the only way this will collapse is when the MNLF becomes "unreasonable." He said the MNLF needs understanding since they are a rebel group and they tend to push for what they want.

Provincial Communist Leader Surrenders

BK2311114394 Quezon City PTV-4 Television Network in Tagalog 1000 GMT 23 Nov 94

[FBIS Translated Text] The backbone of the Communist movement in Kalinga-Apayao Province has been completely crushed. This was reported by Brigadier General Rodolfo Garcia, commanding officer of the Philippine Army, in connection with the surrender of Communist Party provincial leader Arthur Gunoyan. Gunoyan is known as the shadow mayor of Balbain town. Another rebel leader, identified as Rogelio Laginday, is scheduled to surrender anytime now.

Meanwhile, more than 700 New People's Army rebels have already applied for amnesty in Kalinga-Apayao.

Thailand

* Article Reviews Status of Relations With U.S.

95SE0009A Bangkok ATHIT in Thai 2-8 Sep 94 pp 10-15

[Article by ATHIT team: "America Is Not Our Daddy"]

[FBIS Translated Excerpt] [Passage omitted] The United States had to distance itself from Thailand after 1973 not because of any change in Thai government or military policy but because of the leftist tide. That is, students and farmers exerted pressure and so the United States had to remove its military bases from Thailand. It also had to move the radar station known as the "Rammasun Camp," which monitored military activities. But that did not mean that there had been a change in relations or policy. The military and government were still very close to the United States as long as the communist threat remained.

The United States began expanding its military bases in the Philippines, that is, the Subic Bay naval base and Clark air force base. And it still had a large force on Guam. The United States constantly tried to keep forces in place in this region in an effort to block the forces of the communist bloc, primarily the Soviet Union, which was then building military bases at Danang in Vietnam and at Kompong Som Port in Cambodia. The conflict between China and the Soviet Union had not yet reached the point where the United States could rest easy.

But after the collapse of the Soviet Union, the attitude of the United States changed. The bases in the Philippines declined in importance to the point where the United States no longer had to worry about losing its bases there. That is probably why the United States willingly agreed to abandon the Philippine dictator, Marcos, the great friend of the United States.

Throughout the period that the United States adhered to a policy of opposing the Soviet Union in this region, the United States had to "pay for the friendship" of many Asian countries using a variety of methods. For example, it began cooperating with China, which had its own conflicts with the Soviet Union and Vietnam. It forged good relations with Japan, which is still engaged in a dispute with Russia over the Kuril Islands. As for countries in Southeast Asia, particularly Thailand, the United States has paid a high price for this friendship, including weapons, training, and a huge amount of aid.

It can be said that the organizational and administrative structure of the Thai military is an exact replica of that of the United States.

Thus, the protests against the American bases in 1974-1975 did not affect relations between our two countries. But in this "new era," or period in which the Cold War has ended, relations between the United States and Thailand and even other countries in Southeast Asia are becoming more and more strained.

Besides the fact that America's military importance in this region has declined, new problems have arisen. That is, there are economic problems. Countries in this region that were once staunch allies of the United States have begun to establish themselves economically. Instead of considering "security" to be the most important thing, countries in this region are now focusing more on "economic cooperation." This happens to fit the economic situation in the United States, which will have to exchange this for "security allies." This shows that they are growing weaker. As for Thailand, there have frequently been reports about our estrangement from our old "ally." One example is the trade protectionist law implemented by the United States, which affects Thai farmers. They also cut our GSP rights and have constantly reduced the amount of military aid provided to Thailand. Most recently, all Asian countries felt frustrated by the behavior of the United States, which put pressure on countries in this region to open their markets to the United States at a time when the countries in this region are forming an "economic alliance" called the EAEC (East Asian Economic Caucus) or "East Asian Economic Forum." The United States is trying to induce these countries to participate in APEC instead, in which the United States is a member. This recently led to an open disagreement between the United States and Malaysia. [passage omitted]

The Asian countries no longer have the same "security" enemies as the United States. Russia, Vietnam, and even China are no longer enemies. The Asian countries are developing their military might in contrast to the worldwide trend toward a "reduction in armed forces." It can't be determined for sure who the main enemy is. Last year, Singapore increased its military budget 15 percent. Malaysia increased its military budget 15 percent, Thailand increased its by 14 percent, and Indonesia increased its by 8 percent. It can be said that in putting profits ahead of the mutual security of the region, "military tension" is the enemy of ASEAN. ASEAN does not have any clear enemies. But "military competition" is like a "psychological complex" that has arisen now that there are no longer any "common enemies" in this region.

From the very beginning, the joint Thai-U.S. military training exercises have always "assumed" that the enemy would come from the north. During the exercises, the United States always lands troops in Rayong or farther south in Prachuap Khiri Khan or Chumphon. But today, if you ask about Thailand's military strategy with respect to what the main direction is or who the main enemy is, the answer would be different. Former chief of staff officers General Charun Phunsanong has pointed to a country that has two flights of MiG 29 aircraft and one flight of F-18 aircraft, that is, Malaysia.

The differences in "designating enemies" between Thailand and the United States have changed. Thus, it is not surprising that Thailand and the United States have completely different views on the Cambodian problem and on the Thai-Burmese issue.

Lieutenant General Anuson Krutsanaserani spoke in a very reasonable manner when he said: "It will be very difficult for Thailand to convince other countries that do not share a border with Cambodia and Burma, as does Thailand." He made this statement after members of the U.S. Congress recently announced a cut in military training aid.

Thailand has long had relations with the Khmer Rouge, and in one period, the United States approved of that. Because in the view of the United States, the Khmer Rouge, which sided with China, was important as a counterweight to Vietnam and the Soviet Union, which was advancing south. The Soviet Union once jokingly offered to exchange its naval base at Kompong Som for the American bases in the Philippines.

But after the Soviet Union withdrew and Vietnam became a new ally of the United States, the Khmer Rouge lost its importance as a counterweight to anyone in this region. Instead, this heightened American suspicions about the influence that China had on the Khmer Rouge and about the increase in Chinese influence in Burma. This is not, however, a problem for Thailand and has not caused any concern here. The volume of trade between Thailand and China and the improved economic and military relationship between our two countries has resulted in our "national interests" in the Cambodia matter becoming more "immediate" and "larger."

For this reason, almost every leader has been saying that "Thailand is independent and is not the slave of anyone," which is similar to what leftist students have been saying ever since 1974, or for 20 years.

Thai leaders are trying to downplay the importance of the disagreement between Thailand and the United States on the Cambodian issue. They say that state-to-state and military-to-military relations are as strong as ever. This is probably true. But no one is "happy" with the gradually growing estrangement between our two countries. American military officials have frequently talked with Thai military officials about the Cambodian problem, and the United States has showed "satellite photos" of the border area to members of the National Security Council. But this has not removed the "doubts" or "differences" concerning this problem.

The United States, Japan, Australia, and France apparently want to resolve the Cambodian matter as soon as possible under the "power of the elected government, with the United Nations monitoring things." But Thailand maintains that "the Cambodian problem is the internal affair of the Cambodian people. Other countries should not interfere in their internal affairs."

The United Nations once tried to solve this problem by asking Thailand to cooperate by allowing border areas to be used as military staging areas for sending forces into Cambodia to crush the Khmer Rouge, which had rejected the UN line. But Thailand refused. Later on, Khmer Rouge troops were caught smuggling weapons from an armory in Thailand. The present Cambodian government demanded that Thailand return the weapons to the country that had provided them. But Thailand refused.

When Cambodian government forces attacked the Khmer Rouge base at Pailin, more than 20,000 refugees fled across the border into Chanthaburi and Trat provinces in March 1994. Cambodian leaders asked that the refugees be repatriated under their supervision and the supervision of the United Nations. But Thailand expelled them immediately using the 563d Marine Company, and this was done without the supervision of anyone.

The Cambodian Government has asked the international community for military help in eliminating the Khmer Rouge, whom Cambodian law calls "terrorists." But Thailand opposes this and has asked that military aid be restricted to training only. And so on and so on.

Thailand has constantly tried to reaffirm its "sincerity" about not interfering in the internal affairs of Cambodia. What is very frustrating is that a superpower such as the United States, which has satellites and the biggest intelligence unit in the world, does not believe that. It does not seem that we will be able to "clear" our name of those charges simply by "confirming the facts." Thailand will have to "answer the questions" about its "behavior." Even though we have done nothing wrong, our "behavior" has raised doubts in many countries. An investigation was conducted and the facts in the matter of the "Khmer Rouge armory" were disclosed. It was said that there were more than 40 Khmer Rouge soldiers in the armory then. People have asked, Why did Thailand rush to send the refugees back into Khmer Rouge areas without allowing the United Nations and Cambodia to investigate things? Can the Thai government give assurance that the 14 Thais who were arrested, 5 of whom have now been released, were not involved in the attempted coup? Why hasn't Thailand revoked the visa of Prince Norodom Chakraphong, the leader of the attempted coup in Cambodia, just like the United States has revoked the visas of coup plotters and suspected drug traffickers?

Thailand certainly has "reasons," and our national security officials will base those reasons on the "interests of the country." But today, Thailand's interests may no longer be the same as those of the United States. That is a clearer explanation than constantly "making excuses."

The frankest statement concerning Thailand's policy was the statement by a National Security Council official. In a statement concerning Burma, he said that "the issue of democracy and human rights issues are not major problems." He did, however, soften this by saying that the drug problem is much more important than those problems. And in view of the country's interests, many government officials agree that this is a major issue in Thai-Burmese relations. It will be difficult for the United States to understand this, or it may not try to understand this.

For a long time, the long border between Thailand and Burma was "impaled" on the "communist problem." Burma remained neutral in the conflict between China and the Soviet Union. But both were communist countries. For this reason, the minority groups living along the Thai border served as a buffer.

Now that the Cold War has ended and a "trade war" has begun, the resources in Burma outweigh people's fears. Regardless of the fact that there were wars with Ayuthaya in the past and regardless of whether China may someday invade this region, timber concessions in Thailand have closed and the answer is Burma, which has resources worth hundreds of billions of baht. Today, the trade war has forced Thailand to invest in several fields in Burma, including fishing, timber, gemstones, and, most recently, the construction of a gas pipeline valued at a billion baht from Ban Na I Tong to Ratburi Province. Because of these interests, Thailand is more interested in "peace in Burma" than in the "new world order" of the United States, which is filled with hypocritical dreams. For this reason, Thai policy toward Burma is to enable the Nobel Prize committee to come and shout along the border or induce Burma to meet with the UN secretary general.

But concerning Thailand's interests, the four-sided economic project, which will generate huge profits, will not get off the ground if the Thai government follows the butt of the United States on the Burma issue. Turning the Mekong River into an "economic" river, gaining Thai timber concessions in many more areas, building economic areas in the northern part of the country, and so on will make the country rich. At the same time, the United States is withdrawing from this region militarily and putting economic pressure on this region.

There have been unconfirmed reports that President Bill Clinton has approved cutting military training aid to Thailand, called "IMET," by approximately 250 million baht. A member of the House Finance Committee responded to a statement made by the army commander-in-chief concerning immediately "suspending the funds of JUSMAG, or "U.S. military advisory group" in Thailand. Concerning this, MPs have sharply attacked the United States on this issue. In particular, Songsuk Phakkasem, an MP from Chiang Mai Province and a former member of the Thai Citizen Party who once opposed the leftist students, has now switched from fighting the communists to fighting the United States. That is fitting for a member of the Thai Nation Party, because the United States has accused three members of this party of being involved in narcotics trafficking. Mr. Chuan Likphai, the prime minister, has tried to downplay this issue, because in reality, U.S.-Thai relations are still solid at the government-to-government level.

At the same time, some people in the military feel that the military commander has the right to "respond to the United States." This means that the government must take steps during this time of tension to "improve" understanding in line with the foreign policy that Thailand once used with great success, that is, "each one playing a different role."

There have been rumors that the United States is going to ask Thailand to provide an area to build a shipyard. This may have raised suspicions among Thais, who are reluctant to do that. But if there is any truth to this..., Singapore hopes to profit greatly by allowing the United States to use Singapore. In particular, if relations between Thailand and the United States deteriorate, that would greatly please Singapore. In any event, the present estrangement between Thailand and the United States is not yet a major issue, but it is not a "good sign."

At the end of last week, Khmer Rouge Radio, which can be heard in Bangkok, stated that the United States, Australia, and France have sent a total of 140 M-113 and T-55 tanks valued at 7.5 billion baht to the Cambodian government in order to defeat the Khmer Rouge this coming dry season.

In the near future, the United States will probably have good relations with a former enemy of Thailand, that is, Vietnam. It will receive large amounts of aid from both private and government organizations.

In the coming period, relations between the United States and Asia as a whole will gradually deteriorate, particularly with Thailand's new ally, China, against whom the United States is applying trade measures.

Thailand's policies both today and tomorrow will affect future generations here. Besides taking steps to protect the country's basic interests and maintain our independence, honor, and territorial sovereignty, we must also think about the future. In the past, relations between Thailand and the United States had to do with the suffering of the peoples of Indochina. This had to do with bomb craters, war, and killing in this region. But today, relations between Thailand and the United States will lead to debt repayment or increased debts. This is something that the Thai government and people must think about carefully. Even though Thailand opposes sending weapons to the Cambodian government, the killing there will undoubtedly continue. And regardless of how Thailand views the military government in Burma, it's very unlikely that the democratic forces in Burma will fade away in an age in which democracy has become a part of the world. Tomorrow will tell what our independence and sovereignty is based on.

Actually, has our father [the United States] really done anything wrong?

Country To Follow Sanctions on Former Yugoslavia

BK2311084894 Bangkok Radio Thailand Network in English 0000 GMT 23 Nov 94

[FBIS Transcribed Text] Thailand will strictly abide by the United Nations Security Council resolutions 942 and 943 on economic sanctions towards the Federal Republics of Yugoslavia, of Serbia and Montenegro. The Ministry of Foreign Affairs yesterday reported to the cabinet the most recent move taken by the Security Council by its two resolutions confirming economic sanction against Bosnia- Herzegovina in the Serb-held area and the suspension of the boycotts on flights, sports, scientific, and cultural cooperation with Serbia and Montenegro for 100 days.

The UN Security Council on 23 September 1994 decided to ease pressure previously applied on Serbia and Montenegro, which cut off its support to Bosnian Serbs and closed its border with Bosnia and Herzegovina.

Foreign Minister Welcomes UN-Burma Talks

BK2311024794 Bangkok BANGKOK POST in English 23 Nov 94 p 8

[FBIS Transcribed Text] A meeting between United Nations representative Rafeeuddin Ahmed and the State Law and Order Restoration Council (SLORC) on Monday will bring about positive changes to Burma, Foreign Minister Thaksin Chinnawat said yesterday.

Speaking prior to a Cabinet meeting, Mr Thaksin said the UN-SLORC meeting was an indication of the junta's willingness to gradually open up Burma and democratise.

"At least the United States will see that the SLORC is trying to open up the country and democratise, step by step," said Mr Thaksin. He said the process will bring about economic development for the Burmese people, but it will take time.

As for the fate of dissident leader Aung San Suu Kyi, who is in her fifth year under house arrest, Mr Thaksin said the Government supported the principles of human rights but could not interfere in the internal affairs of its neighbour.

"The Government would like to see her released because we support the principles of human rights, but we can't interfere in their internal affairs and force them (the military junta) to release her," said Mr Thaksin.

The meeting with Mr Ahmed and SLORC leaders is part of an initiative by UN Secretary General Butrus Butrus-Ghali to bring about positive changes in Burma, which has been under tight military rule since 1988.

Exiled Burmese student John Aung said he appreciated the interest of the UN in his country, but said he could not see what the meeting could bring.

"I can't see how the meeting will help persuade the SLORC to respect the human rights of the Burmese people and release Aung San Suu Kyi and other political prisoners," he said.

"For the past 30 years, the Burmese military junta has never given any power to the people, what they say cannot be trusted."

He also said the meeting between Mr Ahmed and the SLORC leaders will not produce any results unless Mrs Suu Kyi and other political prisoners are released.

He said exiled Burmese called upon powerful countries to help secure their freedom. Burmese students would also pledge to continue fighting the SLORC.

In related developments, Thailand and Burma will hold a second Joint Commission meeting—with the fisheries problem high on the agenda.

Mr Thaksin will chair the meeting, scheduled for December 1-2. Ministry spokesman Suwit Simasakun confirmed Burmese Foreign Minister Ohn Gyaw will be present.

This will mark the first meeting between the two ministers since Mr Thaksin's appointment to the post earlier this month.

A reliable source said the two-day meeting, to be preceded by a senior officials' meeting on November 28-29, will review progress made from the last Joint Commission meeting in Rangoon in September 1993.

"The main issue is expected to be fisheries because some 200-300 Thai fishermen are being detained at Insein Jail in Rangoon," the source said.

Thaksin Rejects Saudi Charge's Criticism

BK2311025294 Bangkok BANGKOK POST in English 23 Nov 94 p 3

[FBIS Transcribed Text] The Saudi charge d'affaires must not think he can dictate to Thailand on how it should tackle the case of the missing jewelry, Foreign Minister Thaksin Chinnawat said yesterday.

"I don't like the style of criticism of the charge d'affaires in telling Thailand what to do," Mr Thaksin said. "Our country is not a colony of Saudi Arabia. The police are doing the best they can. If he doesn't stop making such statements, I won't accept it."

Mr Thaksin was responding to Charge d'Affaires Mohammed Said Khoja's statement that at least 100 pieces of the stolen royal Saudi jewelry should be returned. So far only a few pieces have been returned anonymously to the police.

"I've summoned him to the ministry to express displeasure over his statement that at least 100 pieces should be returned. I don't understand why he spoke like that," Mr Thaksin told reporters before yesterday's Cabinet meeting.

The jewelry case dealt with under the legal system was one thing, diplomacy and courtesy another. "It may just be his personality, but we must warn him from time to time because he has made many comments already," he said.

"We can't just let foreign envoys tell us to do this or that. It's a matter of sovereignty."

Mr Khoja was seen at the Foreign Ministry yesterday afternoon, when he met Kriangsak Misisuk, director-general of the Department for South Asia, Middle East and African Affairs. The meeting lasted about half an hour. No official statement was released.

A reliable source said Mr Khoja was summoned to the ministry to be told to use diplomatic channels to express Riyadh's opinions.

The only official statement from the meeting reported that Khoja presented Kriangsak with a copy of the Koran.

"Do you think it's possible for me to tell you what we discussed? You ask them, they'll tell you," Mr Khoja told reporters after the meeting.

"The director-general didn't tell me what Mr Thaksin said. I don't know about this. We talked about the progress that has been made in retrieving the jewelry. We agreed that the case is moving, there's been a lot of progress."

Mr Khoja said the new team of police investigators led by Pol Maj-Gen [Police Major General] Wannarat Khotcharat was "sincere" about wanting to solve the case. He declined to comment when asked if he was satisfied with the progress made, saying he was not the owner of the jewelry.

He said he has reported on the progress that has been made to Riyadh, and to Prince Faisal who is out of the country at this time. He stressed that what he wanted was "quality, not quantity", and he would prefer to see the bigger pieces returned.

Kriangsak was unavailable for comment all day yesterday.

Official Explains Medical Aid Given to Iraq

BK2311143094 Bangkok Voice of Free Asia in Thai 1030 GMT 23 Nov 94

[FBIS Translated Text] Yesterday afternoon Dr. Sukhum Ratsamithat, director general of the Foreign

Ministry's Economic Department, presided at the ceremony donating the government's humanitarian gift of medicine worth 200,000 baht to the Iraqi charge d'affaires. The aid is aimed at relieving the hardship of the Iraqi people from shortages of food and medicine.

Speaking to a Voice of Free Asia correspondent, Sukhum said Iraq, a friend of Thailand, is suffering from food and medicine shortages which have greatly affected the life and health of the Iraqi people. Iraqi hospitals have not been able to obtain enough medicine, blood, and saline solution. The Iraqis have to buy these articles from stores at very high prices and supplies are limited. For this reason, the UN Security Council decided to allow foreign countries to provide humanitarian assistance to Iraq. As a result, the Foreign Ministry proposed that the government consider humanitarian aid to Iraq.

During Deputy Foreign Minister Surin Phitsuwan's meeting with the Palestinian Liberation Organization finance minister in Tunis in June, the latter suggested that Thailand give medical aid to Iraq. The Thai Embassy in Baghdad also reported frequently on the medical shortages in Iraq and suggested that the government contribute similar humanitarian aid. In July, the Iraqi Embassy in Bangkok sent a note to the Foreign Ministry requesting medical assistance from Thailand. The government, therefore, decided to give the assistance as requested by Iraq.

The government has provided humanitarian aid to Iraq before. Last year the government donated intravenous and saline sets worth about 500,000 baht. In the latest aid contribution, the government donated about 200,000 baht of the medicine (Tinamen), greatly needed by Iraq.

On the government's assistance to other countries, Sukhum said the government, through the Foreign Ministry, has always recognized the importance of assistance to other countries, particularly when they suffer misfortune, natural or man-made. The government allocates 10 million baht annually for this purpose. The Foreign Ministry permanent secretary heads the committee considering such assistance.

Sukhum said Thailand and Iraq have enjoyed long-standing good relations. Both sides have diplomatic relations at the ambassadorial level. During the war in the Middle East, Iraq showed its goodwill by assisting the return home of Thai workers evacuated from Kuwait. Therefore, the latest Thai aid to Iraq is not only humanitarian, it reciprocates the goodwill of Iraq, which Thailand always considers a good friend and recognizes the importance of.

Remaining Lao Refugee Camp To Close by Year-end

BK2311050194 Bangkok THE NATION in English 23 Nov 94 p A2

[FBIS Transcribed Text] Thailand will close down Ban Na Pho, the last Laotian refugee camp, by the end of the year and any of the remaining 11,000 Hmong refugees who still refuse repatriation will be charged with illegal entry.

Khachatphai Burutphat, deputy secretary-general of the National Security Council (NSC), said a public relations campaign will be launched to persuade the refugees to return home. He said Laos welcomes all returnees and will provide each family with 15 rai of arable land and rice for 18 months. Those who refuse to return will be charged with illegal entry, he added.

Khachatphai yesterday witnessed the repatriation of 250 Hmong refugees to the northwestern Laotian province of Bokeo where they will re-establish a village in the coming dry season. The returnees joined a group of 63 families, numbering 296 people, who returned and settled at Nam Phuk sub-district under a project sponsored by the European Union in June.

Acting Governor of Bokeo Khamtoun Khondahak said the returnees should not be worried about arable land as the Laotian government had already set aside plots for them. He assured the Hmong refugees that they would be treated as equals with other Laotian citizens in education, career and legal matters.

He said Laos had become a peaceful and stable state and the refugees who fled unrest in the 1970s should now return to help develop the country.

Editorial Says Spratlys Top Security Concern

BK2311065294 Bangkok THE NATION in English 23 Nov 94 p A6

[Editorial: "Fate of Spratlys Cannot Be Left Up to China and UN"]

[FBIS Transcribed Text] If there was ever any doubt about the maxim that true democracies don't wage war against each other, one need look no further than today's East Asian landscape. Communist North Korea has its troops massed and pressing against its border with the democratic South, Taiwan and China eye off over the Taiwan Strait and Vietnam and China, the two largest remaining communist states in the world continue to maintain a relationship that is anything but neighbourly. For the rest of Southeast Asia, except for junta-controlled Burma and Maoist-bedevilled Cambodia, bloody conflict has become a thing of the past.

That of course doesn't mean that the region is free from the dangers of war. Conflict anywhere in Asia would be devastating for the export-oriented economies of Southeast Asia not to mention the social upheaval caused by fleeing refugee populations, inflows of arms and so on. At the centre of most of today's anxiety is the Spratly islands in the South China Sea which are claimed in whole or part by four Asean states as well as China, Vietnam and Taiwan and are widely considered as most the likely flashpoint in the region.

Leaders-from China and Vietnam, the two most active claimants to the small barren islands, which straddle vitally important sea lanes and sit atop potentially large reserves of oil and gas, met over the weekend and vowed to put their differences aside and focus on developing a "friendship".

During his three-day visit, Chinese President Jiang Zemin, the first Communist Party general secretary to visit Vietnam, seemed more interested to focus the talks on economic ties than discuss the territorial dispute.

In the end, the two sides made airy pledges to promote trade and resolve their territorial differences peacefully. To help them do this, they announced they would set up a committee of experts to discuss South China Sea disputes, including the Spratlys.

The committee marks the first formal attempt by China and Vietnam to resolve the row since they normalized relations in 1991, though they have raised it in broader border talks. Yesterday was not the first time the two countries have set up bilateral committees before and pledged to settle their land and sea claims peacefully, but several rounds of negotiations have produced little or no progress At the same time, they have gone ahead with oil exploration in the contested waters, awarding concessions to foreign companies and raising fears in the region of an armed conflict. Only a month ago, the two countries were still exchanging verbal attacks over each other's activities in the South China Sea and parts of the Tonkin Gulf. And during Jiang's visit, Vietnamese newspapers pressed Hanoi's claims by giving unusual prominence to stories about Vietnamese singing troupes visiting the sparsely-populated islets.

Significantly, both countries continued to treat the dispute as a bilateral issue during their talks. Asean, led by nonclaimant Indonesia, has tried to turn the issue into a regional one but its efforts have received little more than lukewarm response from Beijing. Asean's approach, based on the joint development model successfully employed by Malaysia and Thailand to exploit Gulf of Thailand gas fields, wants the issue resolved in a way that allows all the claimant countries to enjoy the area's potential in the most peaceful way possible. But so far the claimant countries have yet to institute even joint scientific work.

China remains the main stumbling block. As in all its foreign policy, China, which claims the entire South China Sea, says it will only deal with other countries on a bilateral basis, a position that due to its massive geopolitical weight enables it to bring great pressure on its dialogue partners.

Vietnam's position is less hard-line and the country's pending admission to Asean will force it be more accommodating to the region's interests.

The Hanoi talks were the most important since China and Vietnam normalized relations in 1991 and any easing of tension among the two military giants can only be welcomed in the rest of Southeast Asia.

But the pledges made by Vietnam and China in the last two days are no substitute for the kind of multilateral framework that is needed to put at ease the concerns of their neighbours.

Speaking at a press conference after the talks, Chinese Foreign Minister Qian Qichen said the "The situation has changed" and said the dispute would be eventually solved by long term negotiations between the two countries.

How China and Vietnam intend to do this remains unclear. But Qian's pointed dismissal of other claims to the Spratlys, and the Asean four's in particular, suggests that the Spratly's will continue to remain the number one source of security concern for a some time to come.

Healthy Fiscal Position Seen as Economic Boost

BK2311052694 Bangkok BANGKOK POST in English 23 Nov 94 p 21

[FBIS Transcribed Text] Thailand's healthy fiscal status serves as a strong backbone for the country's financial market, according to Finance Minister Tharin Nimmanhemin.

The Cabinet earlier yesterday discussed the country's fiscal position for the 1994 fiscal year. The total quantity of domestic and international debt has reduced and the annual budget has shown some surplus. More tax was collected than in the previous year owing to an expansion of the tax base and more efficient collection.

Mr Tharin said the country's net treasury reserves dropped slightly from 60-70 billion baht to 50 billion as a result of a withdrawal of some off-the-budget accounts.

The country's overall treasury reserves stood at 200-300 billion baht. Under these circumstances it was high time the Government increased its development budgets, he said. The economy was on a "perfect path".

The Government's reform policy stressed the gradual cutting of tariffs to promote free trade and boost the country's competitiveness, he said.

Deputy Commerce Minister Chaiyot Sasomsap said inflation would be held at less than 5 percent, which suited the projected economic growth of 8 percent. The main factor that triggered the recent higher inflation was food prices. However, during the first half of this month, food prices dropped by 6 percent, which brightened the trend, Mr Chaiyot said.

Some goods now subject to higher prices include plastic because of a lack of raw materials. However, Mr Chaiyot was convinced the shortage of raw materials would encourage producers to invest more in obtaining raw materials.

The recent adjustment in the consumer index calculation base was normal and done every five years based on the price volatility of goods in most demand by the public, he said.

Government spokesman Aphisit Wetchachiwa said that during the 1994 fiscal year the Government managed to collect 17 percent more in tax than in the previous year, compared with the gross domestic product.

This would result in 8.6 percent growth provided inflation was no higher than 6.2 percent. This figure did not apply nationally as it was based only on taxation, he said.

Mr Aphisit said gross revenue of 665,510 million baht exceeded the projection. Taking the value-added tax reimbursement into consideration, net revenue was estimated at 600,000 million baht.

A total of 506,272 million baht or 81 percent of the expenditure budget was drawn on. Last year only 79.2 percent was withdrawn.

Net treasury reserves as of September this year amounted to 51,504 million baht compared with 65,074 million baht at the same time in 1993. The drop was attributed to the early repayment of foreign loans.

The overall treasury reserves stood at 228,595 million baht.

Local debts stood at 110,403 million baht, a 33 percent drop from last year, while overseas debts amounted to US$2,685 million. The combined debts of this year rose by 3 percent.

Combined public debts dropped 1.1 percent to 611,100 million baht or 17.2 percent of the GDP.

Vietnam

Further Reportage on PRC President's Visit

Jiang Zemin Briefs Media

BK2211163394 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 22 Nov 94

[Report on news conference by PRC President Jiang Zemin with Vietnamese correspondents held on 22 November in Hanoi; italicized passages are Jiang's recorded answers in Chinese fading into Vietnamese translation]

[FBIS Translated Text] Dear friends: Jiang Zemin, secretary of the Communist Party of China and president of the People's Republic of China, held a 40-minute news conference this morning at the Presidential Palace with correspondents from Vietnamese radio and television and five major newspapers.

Jiang answered questions on issues of concern to the Vietnamese press. Replying to a Vietnam Television Network correspondent on the development of friendly relations between countries in the Asia- Pacific region, especially the relations between Vietnam and ASEAN, President Jiang said:

In the Asia-Pacific region, the political situation is relatively stable, economic development is at a high level, and trade and investment are growing at a fairly good pace. If we consider carefully the diversity of the region and particularly the practical interests of all concerned countries, economic development in the Asia-Pacific region will develop on a healthy and continuous path. We welcome the development of relations between Vietnam and ASEAN during the last several years.

A Voice of Vietnam Radio correspondent asked about the new efforts of Vietnam and China to consolidate the traditional friendly and cooperative relations between the two countries and future relations between the two countries in the 21st century. President Jiang answered:

During my stay in Vietnam, I have had meetings with Vietnamese party and state leaders. In these meetings, I have recommended that both sides need to look further and see wider, to push forward cooperation consolidation, especially the cooperation serving mutual economic interests. On the issues remaining between us, both sides need to focus on the primary goal, which is maintaining friendly Chinese-Vietnamese relations, developing peace and stability in the region, and resolving disputes step by step through friendly negotiations. On issues that cannot be resolved in the immediate future, we should not let them affect the development of bilateral relations. My thinking has the active support of the Vietnamese leaders. The two sides have reached a common understanding on these main issues. I trust that with common efforts from all of us, the Chinese-Vietnamese relations in the 21st century will definitely be much better than they are now.

Replying to a VIETNAM NEWS AGENCY correspondent on important results of his visit, President Jiang said:

Leaders of the two countries have met and held talks that help strengthen mutual understanding between the two countries. The two sides have reached a common understanding on the continuation of the consolidation and improvement of the friendly and cooperative relations between the two countries on the eve of the 21st century, and building up the long-term friendly and stable neighborly relations between us. I believe that through my visit, relations between our countries will be enhanced to a higher and unprecedented level.

A NHAN DAN reporter asked for Jiang's general impression of Vietnam and its renovation undertaking. He said:

The renovation undertaking and open-door policy in Vietnam have developed very fast and attained outstanding achievements recognized worldwide. I believe that under the leadership of the Communist Party of Vietnam and with the industriousness of the Vietnamese *people, Vietnam will surely fulfill the objectives of an enriched people and a strong country.*

In reply to questions by a QUAN DOI NHAN DAN reporter on the concept of a socialist model bearing a Chinese identity and about the most valuable experience gained by China in its construction of a socialist market system, Jiang said:

Generally speaking, the concept of socialism with a Chinese identity involves persistent efforts to regard economic construction as a central task; to develop the socialist market economy, the socialist political and democratic system, and the socialist civilization; and to turn China into a modern superpower. Building a socialist market economic structure is a creative undertaking. We are still in the process of active research. During the course of implementation, we pay attention to the following points:

First, depending on China's actual situation, we must carefully study and assimilate all the useful experiences of other countries.

Second, we must persistently regard economic construction as a central task. We must regard those useful efforts to develop the production force, strengthen the integrated strength of the country, and improve the standard of living as standards for gauging whether various reform measures are correct.

Third, we must deal correctly with the relations among reform, development, and stability, trying to make these three tasks mutually supportive.

Fourth, we must respect the creativity of the people and promptly review experiences, ensuring that the reform is carried out in a positive, satisfactory, and orderly fashion.

We are firmly convinced that if the above points are successfully carried out, we will certainly be able to build a socialism bearing Chinese identity as inspired by Comrade Deng Xiaoping.

In reply to a HANOI MOI reporter asking about the establishment of friendly relations between Beijing and Hanoi—namely what issues and domains the two municipalities will pay their most significant attention to in the future?—Jiang said:

Beijing and Hanoi are the capitals of the developing countries. Both sides should increase their exchanges and cooperation in all domains, including economic, trade, scientific, technological, cultural, and educational ones. Specific attention should be paid to construction and urban management in order to help the respective municipalities achieve socioeconomic growth.

Finally, asked by an INTERNATIONAL NEWS reporter about China's economic growth over the next 10 or 20 years and about the positions of Southeast Asia and Vietnam in Chinese foreign policy, Jiang said:

The period from the 1990's of the 20th century to the 21st century is our historic stage, during which we will carry out our renovation. Our economy has is ahead of schedule on the first step of our strategic goal for increasing gross national production twofold over 1980 and for basically resolving the question of prosperity for the people. We are continuing to strive to finish the second step of our strategic goal ahead of schedule, for increasing the gross national product again by two-fold and for making the people well-off. Twenty years from now, a uniform system will gradually take shape in all fields of activity. Our government's ability to manage the market economy will have improved considerably. This will ensure rapid growth for our economy. During that period of time, China, Vietnam, and other countries in Southeast Asia will achieve great improvements and development. By that time, the friendly neighborly relations and mutually beneficial cooperation will develop at an unprecedented proportion.

Dear friends: Also at Government Guest House this morning, Comrade Qian Qichen, member of the Political Bureau, deputy prime minister, and foreign minister of the PRC, held a news conference on the official friendship visit to Vietnam of Comrade Jiang Zemin.

Before a large number of local and foreign reporters in Hanoi, Comrade Qian pointed out that the main purposes of this visit by Jiang were to enable the leaders of the two countries to discuss major issues in bilateral relations, look back over past development, and discuss the prospects of these relations in the future. The great result obtained from this visit was that the leaders of the two countries had attained a total identity of views over relevant issues. The two sides will jointly promote economic cooperation and development and improve the livelihood of their respective peoples on the basis of neighborly relations, friendship, and mutual benefit.

At the news conference, Comrade Qian answered many questions raised by reporters about issues pertaining to Sino-Vietnamese relations as well as the prospects for tackling those remaining issues between the two countries.

Foreign Ministers Brief Press

BK2211173694 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 22 Nov 94

[Report on news conferences by PRC Foreign Minister Qian Qichen and Foreign Minister Nguyen Manh Cam at the Government Guest House in Hanoi on 22 November]

[FBIS Translated Text] Dear friends, as announced earlier, this morning at the Government Guest House Comrade Qian Qichen, member of the CPC Political Bureau, deputy prime minister, and PRC foreign minister held a news conference on the official visit to Vietnam by Comrade Jiang Zemin, secretary general of the CPC Central Committee and president of the PRC. Many domestic and international correspondents in Hanoi were present.

Comrade Qian briefed reporters on the purpose of this visit. He said:

[Begin Qian recording in Chinese fading into Vietnamese translation] The purpose of this visit is to discuss issues remaining from the past and the prospects of future bilateral relations. The visit is not an opportunity for special negotiations, though the two countries still have some issues yet to be resolved, such as the boundary, the issue of the Tonkin Gulf, and the islands. The leaders still rely on the basis of respect of mutual interests and mutual assistance. The guiding principles are that Minister Nguyen Manh Cam and I agreed yesterday that a group of experts should be set up to work on the boundary issue, and another group on the Tonkin Gulf issue. The two groups will carry out specific projects, and a third expert group will focus on issues relating to territorial waters. The establishment of these three groups will create conditions for solutions for the remaining issues in the relations between the two countries. [end recording]

On the results of the visit by Comrade Jiang, Qian said:

[Begin Qian recording] I hold that all points mentioned in the joint communique are of great importance, and the most important achievement is the total agreement of the leaders of both countries. Both sides are striving for economic development and improvement in the living standards of their peoples. In order to fulfill these objectives, we need to have good neighborly relations for the common interests of both two countries. The common interests of Vietnam and China are based on efforts to find measures to resolve disagreements between the two countries. Some disagreements can be easily resolved, while others may take more time for solutions to be reached. [end recording]

Comrade Qian also answered many questions on issues relating to Sino-Vietnamese relations and the possibility of solutions for issues facing both countries.

Dear friends, also at the Government Guest House this afternoon, Nguyen Manh Cam held a news conference on the conclusion of the official friendly visit by Jiang Zemin. Nguyen Manh Cam said:

[Begin Nguyen Manh Cam recording] The visit of the secretary general of the CPC and president of the PRC to Vietnam is the first visit of a top-level Chinese leader. About 30 years ago, President Liu Shaoqi visited Vietnam in the capacity of a state president. Since it is a top-level visit, the discussion only focused on major directions and principles in bilateral relations. Time limits did not allow intensive discussions of the concrete issues. Generally speaking, in this visit the highest-ranking leaders of both countries decided to exert more effort to strengthen neighborly friendship and to develop bilateral cooperation and to make the friendship and cooperation long-term and stable.

Therefore, during the exchanges of views, apart from keeping each other informed of the main traits of their respective national situations, the leaders concentrated on exchanging views over the need to further step up the economic, trade, scientific and technological cooperation between the two countries. In this cooperation, they pointed out the course for more rapidly broadening the trade relations and economic cooperation encompassing the investment issue.

As for the remaining issues between the two countries, the top leaders of both sides also raised an important task—the need to provide guidance for the resolution of these issues—the principles of which consist of:
—resolving these issues through negotiations
—refraining from further complicating the situation
—refraining from the use of force or threatening with the use of force
—respecting each other
—respecting international law
—resolving those issues which are solvable and continuing to exchange views on those issues which are still unsolvable so as to find a way to resolve them without having them affect the promotion of relations between the two countries.

In reality, we have a mechanism to resolve these issues. This mechanism involves the establishment of a team of experts of the two countries to deal with the overland border issue and another team to resolve the Tonkin Gulf issue. This time, the two sides agreed to set up an additional team of experts to resolve offshore issues related to the two countries. These three teams will base themselves on those principles agreed upon by higher echelons as described and on those principles approved in writing by the two governments in October 1993 to resolve these issues. Following the approval by the two top leaders of the two sides, we—the two foreign ministers—agreed that we would strive to set up the third team within a short period of time so as to exchange views on those relevant offshore issues.

In order to further promote bilateral economic and trade relations, the leaders signed an agreement on the setting up of a joint commission on economic, trade, scientific, and technological cooperation between the two countries. During their exchange of views, Comrade Jiang Zemin informed us of the results of the recent APEC [Asia-Pacific Economic Cooperation] conference and his recent tour of some ASEAN countries—namely Singapore, Malaysia, and Indochina. Generally speaking, from what we heard, the relations between China and other ASEAN countries have developed in a relatively satisfactory fashion.

To strengthen the mutual understanding between the two countries and increase the basis for the development of their lasting and stable relations, the two sides agreed to increase the exchange of visits by delegations, including high-level ones. Since the normalization of diplomatic ties between the two countries in November 1991, there have been high-level meetings every year.

I think that this visit of the top Chinese leader was of historic significance for bilateral relations. With the efforts from both sides, the relations between the two countries will continue to develop in line with the aspirations of both sides and this will contribute to regional peace and stability. [end recording]

At the news conference, Nguyen Manh Cam answered many questions from reporters.

Asked by a BANGKOK POST reporter about oil exploitation in the Eastern Sea, the minister said:

[Begin Nguyen Manh Cam recording] In view of this issue, I must assertively say that the summit conference did not discuss it. As for Vietnam's stance on this issue, you friends may have known well as the resolution adopted by our National Assembly in last July clearly affirmed that the Paracels and Spratlys are Vietnamese territory. With regard to the oil exploitation by Mobil at Thanh Long [island], that location is on Vietnam's continental shelf. As for the Crestone oil company, you friends may also know our stance. We would, however, like to further clarify that it is located on the Vietnamese continental shelf. But to my understanding, the views of the top leaders of both sides are that the two countries must strive to tackle these issues in a rational manner based on those principles I outlined earlier. The teams of experts of both sides will base themselves on these principles to exchange their views in an effort to find a way to resolve these issues. In such a spirit, the two sides will strive to do their utmost to resolve these issues in a satisfactory fashion and to find a fundamental and long-term formula acceptable to both sides. [end recording]

Next, Nguyen Manh Cam answered many questions from local and foreign reporters on issues concerning bilateral relations, the prospects for revolving those remaining issues, as well as the development of Vietnamese-Chinese relations during the period ahead.

Jiang Zemin Sends Thank-You Cable

BK2311054794 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 23 Nov 94

[FBIS Translated Text] Chinese President Jiang Zemin returned to Beijing yesterday afternoon aboard a special aircraft, concluding his 14-day tour of Singapore, Malaysia, Indonesia, and Vietnam.

On the same day, the Chinese president sent a cable to General Secretary of the Communist Party of Vietnam Do Muoi and President Le Duc Anh to thank them for the hospitality they accorded him during his official four-day goodwill visit to Vietnam. President Jiang Zemin said: Dear comrades, now that I have concluded my visit and am leaving your beautiful country, I would like to sincerely thank the Communist Party, government, and people of Vietnam for the solemn and friendly reception they have accorded our delegation.

Commentary Hails Visit

BK2311054994 Hanoi Voice of Vietnam Network in Vietnamese 0015 GMT 23 Nov 94

[Station commentary]

[FBIS Translated Text] During his four-day official friendship visit to Vietnam, Chinese party General Secretary Jiang Zemin held talks and meetings with top Vietnamese party and state leaders to exchange views on bilateral relations and international issues with an aim to bring the Sino-Vietnamese relations of friendship and cooperation to a new stage of development, thereby meeting the aspirations and interests of the two peoples and positively promoting the trend of peace and stability in the region and the world.

The Chinese and Vietnamese sides stressed the significance in strengthening the economic and trade cooperation between the two nations on the basis of equality and mutual benefits to promote development in each country and enhance prosperity in the region.

The two sides have signed several agreements, such as an agreement on establishing the Sino-Vietnamese Committee for Economic and Trade Cooperation, an Agreement on Land Transportation, and an Agreement on Cooperation in Guaranteeing the Quality of Import-Export Goods and in Mutual Certification.

Since the normalization of relations, various aspects in the relations of friendship and cooperation between the two countries such as in the political, economic, scientific-technological, and cultural domains have been consolidated and developed. The two nations have signed more than 20 treaties and cooperation agreements. Many border passes between the two countries have been opened, thereby creating favorable conditions for economic and trade cooperation and visiting trips made by the two peoples.

Trade exchange between the two nations has consistently increased during the past years, and in 1993 it reached $400 million. Delegations from Hanoi, Beijing, Ho Chi Minh City, Shanghai, and other big cities have increased their exchange visits to find ways and means to promote development and economic cooperation.

During the official friendship visit to Vietnam this time by the top Chinese party and state leader, the two sides agreed to take effective measures to ensure full implementation of the newly signed agreements and the old agreements on trade, economic, and technological cooperation, thereby helping to accelerate and develop the bilateral economic and trade cooperation on a long-term basis.

Comrade Jiang Zemin, in his speech at the banquet hosted by our party and state in his honor, said: Although I have not had a chance to visit Vietnam before, I have kept myself informed of Vietnam's revolutionary cause and national construction. Over the past years, under the CPV leadership, the Vietnamese people have undertaken renovation and openness and have made great achievements in the socialist construction. In Vietnam today the economy is developing briskly, the people enjoy a peaceful and happy life, and the society is prosperous and vivacious. From the depth of our hearts, we are delighted at the achievements you have made, and we hope you take advantage of these successes to surge forward along the path of building an equitable and civilized society, a prosperous people, and a powerful nation.

Regarding the bilateral relations, Comrade Jiang Zemin expressed his satisfaction in seeing the remarkable progress in the process of normalizing relations between the two nations in a short period of time. General Secretary Jiang Zemin said: We are very pleased to see the continued expansion and development of the Sino-Vietnamese friendship in the new situation. In fact, a number of problems still exist between our two countries. We must be patient to appropriately resolve these problems through negotiations. If we are unable to resolve these problems promptly, we should not let them affect the normal development of our bilateral relations.

For this reason, during the official friendship visit to Vietnam by Comrade Jiang Zemin, leaders of the two countries have reasserted their agreements in various summit meetings since 1991, especially the efforts to persistently resolve the border and territorial issues between the two nations through peaceful negotiations. The two sides agreed to strive for an early settlement of the issues over the land boundary and over the delineation of the Gulf of Tonkin, and they agreed that the two sides will continue negotiations on the issues involving the seas to seek a basic and long-term solution acceptable to both sides. Before the issues are resolved, the two sides will refrain from taking actions that will complicate or enlarge the disputes and will refrain from using force or threatening to use force. Both sides agreed to set up an expert group to deal with issues involving the seas to hold talks and consultations.

In the Sino-Vietnamese Joint Communique, Vietnam reiterated that Vietnam recognizes the Government of the People's Republic of China as the sole legal government representing the entire China, that Taiwan is an inseparable territory of China, and that Vietnam only conducts nongovernmental economic and trade contacts with Taiwan. The Chinese side welcomed new development in the relations between Vietnam and ASEAN. The two sides expressed the hope to contribute to maintaining peace, security, and stability and to promoting economic cooperation in the region.

Against the background of profound changes in the international and regional situation in favor of the Sino-Vietnamese normalization of relations process, the visit to Vietnam by the CPC general secretary and president of the PRC is of great significance. President Le Duc Anh in his speech at the banquet held in honor of General Secretary Jiang Zemin, said: It is certain that the success of this visit to Vietnam by Comrade Jiang Zemin and his entourage will greatly contribute to achieving our two people's common aspiration to make the Sino-Vietnamese friendship an everlasting one.

French Foreign Minister Arrives for Visit

BK2311032194 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 22 Nov 94

[FBIS Translated Text] At the invitation of SRV Foreign Minister Nguyen Manh Cam, French Foreign Minister Alain Juppe and his wife arrived in Hanoi on 22 November for an official visit to Vietnam. Accompanying the French foreign minister are many officials of the French Foreign Ministry.

On hand to welcome the French foreign minister and his entourage at the Government Guest House were Foreign Minister Nguyen Manh Cam and his wife, Deputy Foreign Minister Nguyen Di Nien, and many high-ranking officials. French Ambassador to Vietnam Francois Nougarede was also present.

On the evening of the same day, Foreign Minister Nguyen Manh Cam and his wife hosted a reception in honor of the French foreign minister and his entourage.

Holds Talks With Leaders 23 Nov

BK2311153094 Hanoi VNA in English 1502 GMT 23 Nov 94

[FBIS Transcribed Text] Hanoi VNA Nov. 23—Party General Secretary Do Muoi, State President Le Duc Anh and Deputy Prime Minister Phan Van Khai received here today on separate occasions visiting French Foreign Minister Alain Juppe.

Speaking to Mr Juppe, who is also president of the Rally for the Republic Party, General Secretary Do Muoi thanked President Francois Mitterrand, the government and people of France for their wholehearted support and assistance to Vietnam in national construction as well as in its relations with international financial institutions and Western European countries.

The Vietnamese party leader noted that the two countries' relations have seen rapid development, especially after the Vietnam visit by President Mitterrand, Mr Muoi expressed his wish that their bilateral cooperation would be further expanded in the coming time.

While receiving the French chief diplomat, President Le Duc Anh highly appreciated the efforts of the government and people of France in supporting the Vietnamese people in their current renovation process. He expressed his belief that Mr Juppe's visit would contribute to the strengthening of the traditional friendship between the two peoples, thus vigorously pushing up the Franco-Vietnam cooperation in the fields of economy, trade, farm produce processing technology and other fields.

In his reception of Mr. Juppe, Deputy Prime Minister Phan Van Khai said he hoped that France would continue helping Vietnam in personnel training and scientific and technological activities, and furthermore assisting Vietnam in holding the Francophone summit meeting in Vietnam in 1997.

Holds Talks With Counterpart

BK2311154994 Hanoi VNA in English 1535 GMT 23 Nov 94

[FBIS Transcribed Text] Hanoi VNA Nov. 23—Foreign Minister Nguyen Manh Cam held talk here today with his French counterpart, who is now on an official visit to Vietnam.

Mr Cam sincerely thanked the government and people of France for their recent assistance and support to Vietnam, particularly helping it clear off its arrears of debts and re-integrate into the international financial community.

Mr Juppe spoke highly of Vietnam's achievements in economic development and foreign relations during renovation process. He development and an important role to play in the region. The French minister hailed and supported Vietnam in establishing its relations with ASEAN, EU [European Union], and international organizations.

The two ministers pledged themselves to promote the friendly and cooperative ties between the two countries, push up the activities of Franco-Vietnam Joint Committee for economy, industry, culture, science and technology. The French side committed greater financial assistance to Vietnam in the 1995 fiscal year, pushed up the implementation of the reached agreements agreed to push up investment in infrastructure construction, energy, communication and transport, post and telecommunications farm produce processing and other fields. [sentence as received] France will help Vietnam in training personnel for such fields as economic management, finance, banking, Customs, law, administration, foreign affairs. French small and medium-size enterprises will be encouraged to do business in Vietnam, especially in the field of farm produce processing.

Minister Juppe made known that the French Government had decided to give 4,000 tonnes of cereal as relief aid to flood victim in the Mekong River delta.

The two foreign ministers also compared notes on international and regional issues of common concern.

Foreign Minister Juppe held here this afternoon a press conference on his Vietnam visit.

The minister expressed his satisfaction at the Franco-Vietnamese mutual understanding, which was manifested in his meetings with Vietnamese leaders, and in the talks with Foreign Minister Cam. Mr Alain Juppe firmly held that his visit would contribute to the promotion of the existing friendly, cooperative relations between the two countries, pushing it to a new stage of development.

Army Newspaper Hails France Ties

BK2311154594 Hanoi VNA in English 0746 GMT 23 Nov 94

[FBIS Transcribed Text] Hanoi VNA November 23—'The Franco-Vietnamese relationship had entered into a new period of development, with tangible progress following the visit to Vietnam in February 1993 by French President F. Mitterrand and the return visit to France in June the same year by Prime Minister Vo Van Kiet', says the Army paper QUAN DOI NHAN DAN in an article today, on the occasion of the visit to Vietnam beginning on Nov. 22 by French Foreign Minister Alain Juppe.

The paper says that since 1977, there have been more than 10,000 Vietnamese taking training courses in France. France has helped Vietnam to build water supply and sewage systems in some urban areas, to upgrade and modernize its telecommunication network as well as its Customs facilities. France is on top in Western Europe in bilateral trade, with Vietnam with a turnover of 2.6 billion francs in 1993. And of particular note, France had actively helped Vietnam in the restoration of its relations with the international financial institutions such as the International Monetary [as received] (IMF), the World Bank and the EC.

In the field of cultural, scientific and technical cooperation aid from France increased to 77 million francs in 1994 from 60 million francs in 1993. France was ranked second after Japan in term of ODA [overseas development assistance] for Vietnam in 1993, with the French financial assistance worth 250 million francs. Last July, the two countries signed in Hanoi a new financial agreement under which France will give aid to Vietnam worth 425 million francs for 1995.

At present, France has 66 investment projects in Vietnam capitalized at USD [U.S. dollars] 730 million, ranking it fifth on the list of the foreign countries investing in Vietnam.

Francophone Conference Opens 21 Nov in Hanoi

BK2211090594 Hanoi VNA in English 0749 GMT 22 Nov 94

[FBIS Transcribed Text] Hanoi VNA Nov 22—The 26th Congress of Francophnone Press was opened here yesterday morning in the presence of Mr. Rene Duval, president of the International Union of Journalists and Press of French Language.

The congress was attended by Vice President Nguyen Thi Binh, Vice Foreign Minister Tran Quang Co, General Director of VIETNAM NEWS AGENCY Do Phuong, Vice Minister of Culture and Information Vu Khac Lien, Mayor of Hanoi Le At Hoi, General Secretary of the Vietnam Journalists' Association Phan Quang, and more than 140 delegates from European, African and Asian countries and Canada.

Ambassador of French-speaking countries and foreign reporters here were also present at the congress.

Addressing the opening ceremony, Mr. Rene Duval pointed out the congress's theme 'Perfection and Development and Strengthening its Friendship With vietnam', and expressed his thanks to the Vietnamese Government, VIETNAM NEWS AGENCY, which worked with his organization to coordinate the meeting, and to responsible agencies for their assistance to congress.

Taking the floor, Vice President Nguyen Thi Binh said that Vietnam highly valued the initiative of the International Union of Journalists and Press of French Language (UNJPLF) on the choice of Hanoi as a place to gather French-speaking journalists with a view of further consolidating and strengthening the understanding and coopertion among Vietnamese and foreign journalists, particularly those in developing countries of the French-speaking community. She held that in recent years the Vietnamese people have gained the initial socio-economic achievements in their renovation process, which, she said, were contributed by Vietnamese journalists.

'However', she added 'to fulfil their great tasks in the current renovation cause, Vietnamese journalists need to make a great effort, constantly improve their knowledge and share experience with foreign colleagues.'

Conference Closes 23 Nov

BK2311152594 Hanoi VNA in English 1448 GMT 23 Nov 94

[FBIS Transcribed Text] Hanoi VNA Nov. 23—The 26th Conference of Francophone Press concluded here today.

At the closing session the participants heard briefing by Deputy Foreign Minister Tran Quang Co about the Vietnamese party and government policies in the spirit of diversification of international relations.

French Foreign Minister Alain Juppe, who is on an official visit here, also came and addressed the conference. He said that the conference being held in Vietnam, a French-speaking country, was of great significance.

The president of the International Union of Journalists and the Press of the French Language Mr Rene Duval, thanked VIETNAM NEWS AGENCY—a co-organizer—and other Vietnamese Government agencies for creating favourable conditions for the success of the conference.

In the evening VNA Director General Do Phuong gave a reception in honour of the conference. Prominent among the Vietnamese guests was General Vo Nguyen Giap who had cordial talk with foreign participants.

Minister Comments on Investment Opportunities

BR2211155194 Paris LA TRIBUNE DESFOSSES in French 22 Nov 94 p 4

[Interview with Cooperation and Investment Minister Dau Ngoc Xuan by Boris Durande, place and date not given: "Europe Is Late, But There Are Still Considerable Opportunities for Investment"]

[FBIS Translated Text] [Durande] Over the past year, many exchanges between employers, chambers of commerce, and international organizations have favored the development of business links between France and your country. But these meetings do not always seem to have produced concrete results. How do you explain the relatively low level of French investment?

[Dau Ngoc Xuan] There are currently 57 French projects running in Vietnam. This is a perfectly respectable figure. But, given Vietnam's needs, its possibilities, and the potential of the two countries, it is indeed little. There are nevertheless recent signs of an increased French presence.

[Durande] Such as?

[Dau Ngoc Xuan] The visit to Hanoi by French Foreign Minister Alain Juppe over the next few days should help stimulate French projects. There are several French companies which are negotiating investment projects, especially in the field of energy and the construction of hotels.

[Durande] Some French companies are reluctant to invest as they fear bureaucratic obstacles or problems linked to possible corruption. What is the situation regarding your plans to simplify the administration and to combat corruption?

[Dau Ngoc Xuan] It is true that there are many administrative procedures to fulfill for foreign investors. There are administrative bodies which operate in an archaic manner. But the essential issue is that the government is very aware of these problems. It is also preparing reforms to simplify these procedures, which will come into force in 1995, in addition to the measures that were adopted over recent years.

[Durande] The five leading investors in your country are Asian. Are not the Europeans at a disadvantage as latecomers? Are there still good projects to invest in?

[Dau Ngoc Xuan] You are right. The Europeans are late. But there are still considerable investment opportunities. Many investments have been made over recent years. But in a country with 80 million inhabitants they do not amount to a significant share! And it is no sign that we practice discrimination just because the first investors were Asian. There is no investment in any sector that is determined by the origin of the capital.

Le Duc Anh Receives Visiting Indonesian Minister

BK2311095494 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 22 Nov 94

[FBIS Translated Text] At the Presidential Palace in Hanoi on 22 November, President Le Duc Anh received His Excellency Harmoko, minister of information of Indonesia currently on an official visit to Vietnam.

His Excellency Harmoko briefed the President on his activities in Vietnam and the fine achievements in the cooperative relations between the two countries in the information domain.

President Le Duc Anh welcomed the Indonesian minister's visit to Vietnam. He expressed the pleasure in seeing development in the information cooperation saying this will contribute to accelerating the tradition of friendship and cooperation between people of the two countries in the economic, trade, and cultural domains for the interests of the two peoples and for peace, stability, and cooperation in the region and the world.

On this occasion, President Le Duc Anh asked Minister Harmoko to convey his kind regards to President Suharto and other Indonesian leaders and his best wishes to the Indonesian people.

* Peaceful Evolution in Minority Regions Viewed

952E0013A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Sep 94 pp 8-11

[Article by Major General Lo Van Nhai: "Political Work in the Struggle Against 'Peaceful Evolution' in Ethnic Minorities Regions"]

[FBIS Translated Text] We consider political work in the struggle against "peaceful evolution" in ethnic minorities regions to be the foremost task of Military Region II at present. This is because the nationality problem is one of the issues regarded by hostile forces as a "secret war" that enables them to carry out the "peaceful evolution scheme against the Vietnamese revolution. Military Region II, with two-thirds of its area consisting of jungle and mountains, includes some highland provinces such as Ha Giang, Lai Chau, and Lao Cai, and several remote, inaccessible areas, and shares 1,414 km of common border with China and Laos. Up to 40 fraternal nationalities inhabit the region, of which the main groups are the Vietnamese, the Thai, the Hmong, the Dao, the Muong.... The great variety of nationalities has resulted in a wide diversity of customs, habits, religious beliefs, languages, scripts, and cultural standards.

Through various stages of the revolution, all the ethnic minorities in Military Region II have developed their traditional solidarity and have unswervingly put their faith in the leadership of the party and Uncle Ho. Since peace was restored, the standard of living of all nationalities has markedly improved in all respects. However, because of the restrictions imposed by natural, social, and historical conditions, there still are numerous difficulties that we must continue to resolve. The most prominent common difficulties are: the economic, cultural, and intellectual standards are not equal in all localities and among all ethnic groups and, generally speaking, are still low. The economic and cultural infrastructure has not yet been developed and remains poor and deficient in remote areas. In many localities, although the grass-roots political machinery has been strengthened, it still falls short of the actual requirements. A section of the population is still faced with numerous difficulties and deprivations in daily life. Many localities in the highlands still lack drinking water, food, and medicines; therefore, when people are sick, they have to rely on local customs and medicine-men for treatment by making ritual offerings. In some areas such as Dong Van (Ha Giang Province), drinking water sources are located as far as 20 km or 25 km away. In the high mountain areas of Ha Giang, Lai Chau, Lao Cai, and Yen Bai, in some localities the people still lack food three to four or even six months each year. Because of difficult communication, information, and propaganda conditions, the dissemination of party and state lines, positions, and policies and the propagation of culture to the ethnic minorities in remote areas (including former revolutionary base areas) have not been timely and adequate. In some areas such as Muong Te and A-Muc-Xung (Lai Chau Province), cultural activities are almost nonexistent. The evils of drug addition and some corrupted customs and superstitious practices still exist in a number of localities....

Ethnic characteristics, coupled with the aforementioned economic, cultural, and social limitations and difficulties, are weaknesses that the enemy can exploit to intensify implementation of his "peaceful evolution" scheme against the revolution.

Reality has shown that the goal and essence of the enemy's implementation of the "peaceful evaluation" scheme in this mountain, ethnic minorities region are no different from those in other regions. This means that the enemy seeks to lessen and eventually negate the party's leadership role among the masses; to gradually neutralize the administrative and managerial role of the local and grass-roots administrations; to incite the people and drive a wedge between them and the party and administration; and to sow disunity among nationalities and religions. The enemy also strives to win over credulous people and degenerate, deviant elements and organize them to serve as sympathizers and contacts to be used by foreign reactionaries to cause trouble and oppose us. However, in carrying out his "peaceful evolution" scheme in Military Region II, the enemy has resorted to the method and trick of *fully exploiting the characteristics and specific situation of the local ethnic minorities to oppose and sabotage us.*

Taking advantage of the low cultural standard of a section of the ethnic minorities, who are still somewhat influenced by the mass psychology of revering royalties and believing in superstitious phenomena, the enemy has spread the rumor that "the earth will break up in the year 2000, and only those who believe in Vang Chu (God) will survive." Since 1991-1992, religious organizations and political parties have mushroomed in many localities. Some religious organizations have even appointed secretaries, chairmen, clerks, and religious guardians. A number of parties such as "Thanh Sat" [Inspection], "Pon Pot"... have surreptitiously come into being. The enemy's process of using various religions and parties to attract the masses have taken place quietly but feverishly. This drive to recruit and foster hard-core adherents is normally aimed at people who are prestigious or capable of persuading the masses, such as village elders, clan leaders, and a number of disaffected cadres and party members. In some villages the enemy has succeeded in winning over party members, including party committee members. Some cultural means such as video recordings and poetry in various ethnic languages have also been used by the enemy to attract the masses. Along with these efforts, the enemy has also spread allegations with political overtones, such as the question that "Under the leadership of the same party, why is it that one nationality leads a happy life why another leads a very miserable one?" In raising such questions, the enemy has closed his eyes to the consequences left by history which our party, state, and people were and are striving to overcome step by step. The enemy has also tried to break up the ethnic minorities' solidarity by making the provocative allegation that "this nationality is favored over the others." Capitalizing on the nomadic habit, he has enticed people to move to new areas, causing difficulty to state management and making it easy for them to poison the people's minds and to organize forces to oppose the revolution.

Proceeding from this situation, we have determined that struggling against "peaceful evolution" and subversive rebellions is an important, regular task of the nationalities in Military Region II.

The Party Committee of Military Region II and the congresses of all the party organizations in the military region have agreed that *political and ideological education* must be considered the foremost task in the struggle against "peaceful evolution." Basing ourselves on this assertion, we must gear our political and ideological work toward explaining party and state positions and policies, and analyzing and exposing the "peaceful evolution" scheme and trick of hostile forces. We must also heighten vigilance and stand ready to smash all their schemes and maneuvers to defend the party, the administration, the revolutionary gains, and the regime.

To this end, we have concentrated first of all on *enhancing the perception of—and the sense of responsibility for—the struggle against "peaceful evolution" of the contingent of party members and cadres at all levels*, in particular the village and subward levels. We have focused our efforts on the contingent of party secretaries, people's committee chairmen, public security officers, village military units, and Vietnam Fatherland Front committee chairmen. We have paid special attention to deep and remote areas, using them as bases to conduct propaganda widely among the people in accordance with the functions of our services and levels.

At the military region level, we have taken the initiative in holding several conferences with the participation of key party, administration, and mass organization cadres to discuss specific tasks concerning the struggle against "peaceful evolution." For example, we held a conference of the vice chairmen of provincial people's committees to discuss building the all-people national defense, in particular national defense education. We held a conference of the heads of provincial propaganda and education departments to discuss ideological work in the struggle against "peaceful evolution." We held a conference of mass organizations with the participation of Veterans Association presidents, Women's Union chairmen, and provincial Youth Union secretaries to discuss developing the roles of these organizations as advisors and organizing and motivating the masses to participate in national defense and security activities and in the struggle against "peaceful evolution." We also held a conference of provincial people's committee chairmen, military commanders, public security directors, and border defense force commanders to discuss how to serve as the staff of party committees and the administration in the struggle against "peaceful evolution".... At these conferences, the contingent of key cadres at the provincial level and the sectors concerned made reports and exchanged experience and methods of carrying out political and ideological work among the people of various nationalities, implementing party and state positions and policies on national defense and security, and struggling against "peaceful evolution" in their localities. These activities have enabled the cadres concerned to reach agreement on the substance and methods of the struggle against "peaceful evolution" in accordance with the specific areas and tasks assigned to them.

After these military region-level conferences, various provinces and districts held conferences with the echelons and sectors concerned to begin the organization of implementation and to discuss specific goals and operating methods. During the first six months of 1994, various localities held 413 conferences and training classes with the participation of 22,000 people, including key cadres, cadres of various departments and sectors, mass organizations, village and subward cadres, militiamen, and self-defense force members. At these conferences and training classes, various issues concerning the all-people national defense system were discussed, with the struggle against "peaceful evolution" being the main topic. Owing to their improved understanding and sense of responsibility, the contingents of cadres at all levels have been able to work out many creative measures to carry out effective, realistic political and ideological work in accordance with the specific situation and conditions of each locality and each ethnic minorities area. At present, each month the propaganda and education organs of all provinces sum up the political and ideological situation in the military region and provinces and report it to every party chapter, thereby keeping party members and cadres abreast of practical issues to help them effectively carry out ideological work among the masses.

To make it easy for grass-roots party members and cadres in deep and remote areas to learn about such issues, a number of provinces such as Yen Bai and Lao Cai have disseminated situation reports and explained local ideological issues in the question-and-answer format. Many districts have held monthly duty-handover sessions between village group to create proper conditions for party committees and the administration to be promptly and fully informed of the ideological situation and to achieve coordination among various localities to resolve problems together.

First, Lao Cai and then other provinces in Military Region II held conferences of village elders and hamlet chiefs with the participation of all clan leaders, party committee secretaries, village people's committee chairmen, and retired cadres from various villages and hamlets. By showing a deferent attitude and correctly assessing their positions in their villages and hamlets, we succeeded in enabling them to understand the correct party and state positions and policies, to see the difficulties and obstacles that were facing the people and that the party and state were aware of and trying to resolve, and to see the deceitful schemes and maneuvers of the enemy. However, we must cite concrete facts picked from the localities of these people to prove our assertions instead of only disseminating resolutions in general terms. These people should be used as grass-roots level activists to explain things to and motivate villagers to guard against being deceived by the enemy and to act in strict accordance with party and state lines and policies.

To attract the masses, the enemy has taken advantage of and exploited the ethnic minorities' willingness to believe in anything concrete, their desire to see things with their own eyes, and their appetite for entertainments that reflect their ethnic characteristics to carry out their scheme. Therefore, *on the basis of ensuring truthfulness and correctness, in conducting propaganda and education we must also be fully aware of the psychological traits of the ethnic minorities.* For example, to enable the people to clearly see bad elements' intention of causing confusion and an ideological stir by inciting a mass suicide in October 1993 at Tranh Dau Village, Thuan Chau District (Son La Province), we used concrete objects and means in analyzing, comparing, and reenacting the incident. Thanks to this, the people could easily realize that the bad elements' allegations and deeds were totally deceitful. We have attached special importance to exploiting and bringing into full play the effectiveness of the mass media, in particular radio broadcasts in ethnic languages and books written in ethnic scripts. We have intensified our direct contact and conversations with the people. We have arranged for a number of ethnic cadres to meet with the people and conduct propaganda right in the areas where the enemy was spreading slanderous allegations. At the same time, we have attached special attention to organizing cultural and artistic activities to entertain the people in out-of-the-way areas. Using simple, easy-to-understand methods, we have incorporated the most essential propaganda themes into entertainment, film, and video shows.

Combining their activities with the task of building stable and strong local political bases, the armed forces of Military Regions II have coordinated with various provinces and districts to send action teams to localities to develop the grass-roots level. In 1993 alone, no less than 106 action teams were set up in the form of intersector groups or as an coordinated effort between sectors and local mass organizations. An action team normally comprises six or eight members and spend from two to three months at the grass-roots level. These teams would focus on weak areas or areas where there are ideological and organizational problems to be resolved. The action teams would serve as the staff of the grass-roots party committee and administration, help them overcome their weaknesses and deficiencies, coordinate with them and directly participate in resolving the masses' ideological problems.

However, to find a fundamental, long-term solution to the problems of the grass-roots level, in particular in the deep and remote areas, we have attached special attention to *improving the people's cultural standard and economic and cultural life by satisfactorily organizing the implementation of the party's and state's policy toward the ethnic minorities. At present, various localities have focused their socioeconomic development programs on developing production and improving the people's standard of living. They have also adopted practical measures to overcome hunger and drinking water shortages, to build more schools while developing the village and hamlet health care system, to improve and develop rural road networks, to promote the settlement of nomads, to satisfactorily resolve interests disputes among the ethnic minorities, and to create unity and single-mindedness among different nationalities. In Dong Van District (Ha Giang Province), work has started on the building of a pipeline to bring clean drinking water to the people. Yen Bai Province has begun construction of a 35 kV power transmission line to the highland District of Tram Tau.... In the task of developing the grass-roots level, soldiers have become an activist force in many localities. In some cases, the armed forces have been entrusted by the local party committees with the responsibility to concentrate on developing and improving those localities plagued by many complicated problems such as Phu-Sam-Cap Village, Sin Ho District (Lai Chau Province).*

In carrying out political and ideological work in the struggle against "peaceful evolution" in Military Region II, we are still being faced with numerous difficulties and complexities. However, owing to the party leadership, the traditional solidarity and patriotism of the ethnic minorities, and the substance and methods of political and ideological work that are relatively suitable for the situation and characteristics of a mountain military region and its ethnic population, this work has begun to have an impact in reality. The bloc of national unity is firmly maintained, the local political situation is stable, and the people of various ethnic minorities still have unshakable confidence in the party leadership. These constitute favorable conditions for us to continue our political and ideological work against "peaceful evolution" in the days ahead.

* General Comments on Equipment Maintenance

952E0014A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Sep 94 pp 12-14

[Article by Lieutenant General Truong Khanh Chau, assistant professor, MS, director of the General Technical Department: "The Task of Ensuring Equipment and Technical Supplies in the New Stage"]

[FBIS Translated Text] The Army manages and exploits a large amount of weapons and technical equipment received from many sources. These weapons and equipment comprise numerous types and generations, some of which are relatively modern, but the rest, produced many years ago and already used in war, are old and outdated. The technical factor is low, and homogeneity in the principal equipment and between the principal and secondary and reserved equipment is lacking. A number of highly essential weapons and technical equipment are in short supply, while new sources of replenishment are very limited.

Nevertheless, our current weapons and technical equipment systems still constitute the fundamental, long-term sources of equipment and the main material and technical potential of our armed forces in national defense. Therefore, ensuring equipment and technical supplies is a particularly important, weighty, and complicated task and a "strategic issue in the new situation."

Over the past years, we have made a great many efforts in ensuring equipment and technical supplies and have obtained some significant results. Initially, we have made planning in ensuring equipment and technical supplies a regular practice. We have satisfactorily replenished and readjusted supplies; have ensured timely, sufficient, and homogeneous supplies for military units to enable them to maintain combat readiness; and have collected and classified weapons and technical equipment according to lot, type, and grade. We have strengthened weapons and technical equipment management at all levels. We have also uniformly and effectively put weapons and technical equipment in storage in sealed warehouses; have applied the results of some scientific research projects, some scientific achievements, and new technology to the storage and maintenance of weapons and technical equipment; and have obtained some satisfactory results. Depots and technical storage facilities have been further consolidated. Putting in practice the concepts of independence, sovereignty, and self-reliance, we have built a weapons and technical repair system at three levels (the strategic, campaign, and tactical levels). We have concentrated step by step on making in-depth technological investment in a number of strategic- and campaign-level factories and in various repair facilities of the armed branches and services and of the specialized departments. We have carried out major overhauls of some weapons and technical equipment carrying new labels. We have also produced a number of spare parts and equipment to give timely support to the maintenance service and to be kept in reserve for long-term use. Various research organs and units have adopted creative measures to improve weapons and technical equipment step by step to suit them to our fighting methods, and to achieve high combat efficiency in exploiting new types of equipment. Special importance has been attached to developing the technical service; and the organizational system and management mechanism of ensuring equipment and technical supplies have been further strengthened to meet the requirements and fulfill the task of Army building in the new stage.

The equipment and technical supply service has satisfied some urgent needs of combat readiness and training, but the capability to ensure equipment and technical supplies is not yet steady, the quality of service is still low, and no adequate investment has been made to match the new requirements and tasks.

The general direction of the equipment and technical supply service in the new stage is the following: *It is necessary to fully exploit all resources (in the Army and in the national economy), to win international cooperation in support of the equipment and technical supply service, and to strive to satisfactorily maintain weapons and technical equipment in use and kept in reserve; to enhance the capability to manage, use, maintain, repair, and store weapons and technical equipment; to modify, improve, and enhance the combat effectiveness and technical quality of the weapons and technical equipment systems currently available; to gradually secure more sources of weapons and technical equipment to be kept in reserve, and to selectively modernize some types of weapons and technical equipment necessary for maintaining and developing the material and technical defense potential, thereby enabling the armed forces to satisfactorily perform their task of defending the homeland and the socialist regime.*

From now until the year 2000 and during some subsequent years, the equipment and technical service should concentrate on satisfactorily carrying out the following key tasks:

1. Urgently finish collecting, classifying, maintaining, and putting in storage weapons and technical equipment. First of all, continue to collect, recover, replenish, and readjust weapons and technical equipment supplies in accordance with the armed forces readjustment plan. All the weapons and technical equipment not included in the table of organization of units, all precious and rare items of units must be sent to campaign and strategic depots. Along with collecting and gathering weapons and technical equipment, it is necessary to classify them according to lot, type, grade, and quality in order to

strengthen their management, maintenance, repair, and use according to plans and to their power and effectiveness, thereby ensuring high results. This will also provide a basis for the formulation of plans to handle, repair, and restore weapons and technical equipment in a uniform manner, and plans to modify, improve, and enhance their power, effectiveness, and usefulness. In maintaining and storing weapons and technical equipment, we must study and use new technical processes and materials to ensure their long-term storage.

2. Do a good job of planning weapons and technical equipment supplies. Strive to satisfactorily maintain weapons and technical equipment currently in use or kept in reserve. Ensure sufficient supplies of good, homogeneous weapons and technical equipment for regular Army units standing ready to fight in important strategic directions and important areas. When conditions permit, step by step secure more sources of weapons and technical equipment to be kept in reserve, and to selectively improve and modernize some types of essential weapons and technical equipment. On the basis of decentralizing the storage of weapons and technical equipment in various strategic and campaign directions, it is necessary to bring into full play all sources and capability and to make effective use of the funds already allocated for capital construction in order to build, consolidate, perfect, and homogenize the warehouse systems at all levels, to ensure sufficient storage space, and to put all weapons and technical equipment in warehouses for long-term storage. Pay attention to satisfactorily maintain precious, rare types of ammunition and equipment and new weapons and technical equipment. Attach special importance to preventing fire, explosions, losses, and enemy sabotage of warehouses, workshops....

3. Acquire a profound understanding of the party's viewpoints and goals concerning the building and development of national defense industries up to the year 2000; carry out programs and plans to build a homogeneous, balanced weapons and technical equipment production and repair system nationwide. Dynamically and creatively combine production with repair; improve the efficiency of repair service to concentrate on selectively repairing and restoring precious and rare weapons and technical equipment and those having a low coefficient; and satisfactorily maintain the large amounts of weapons and technical equipment currently available so that they would remain serviceable for a long time. Gradually produce sufficient accessories and spare parts for different types of weapons and technical equipment, in particular for various types of ammunition.

On the basis of the planned building of national defense repair facilities at three levels, we must effectively implement the policy of making in-depth investment in technology and apply modern technology. This is aimed at achieving a breakthrough in technological capability in order to uniformly repair weapons and technical equipment according to the division of labor and decentralization of responsibility, to satisfactorily exploit various types of weapons and technical equipment carrying new labels, and to improve on-the-spot, regional repair capability.

Strongly push forward scientific and technological activities in accordance with Resolution No. 99 of the Military Commission of the Party Central Committee. Scientific and technological research projects must focus on the subjects of long-term storage and maintenance of weapons and technical equipment, spare parts production.... Apply technical advances to gradually produce, improve, and modernize some types of weapons and technical equipment as required by national defense tasks and combat duties in the new situation.

4. Satisfactorily manage and dispose of the weapons and technical equipment taken out of the table of organization of units. Fully collect materials and spare parts to meet demands in the use, repair, and production of weapons and technical equipment, to ensure their homogeneity, and to create more sources of revenue for the defense budget and for the budget slated for the procurement of equipment and technical supplies. Most of the money obtained from the disposal of weapons and technical equipment should be spent first of all to ensure technical supplies, build depots, upgrade workshops; part of the money should be used to make in-depth investment in procuring technology for a number of enterprises, repair installations....

5. Speed up the mobilization of techniques, including the mobilization of industry to ensure technical supplies for the acquisition of weapons and technical equipment, and the mobilization of technical cadres and personnel and technical materials to set up technical organs and establishments necessary for ensuring technical supplies in the mobilization of the Army according to the new formula. Draft state documents regarding the mobilization of techniques at an early date.

6. Continue to strengthen organization and perfect the operating mechanism of the technical service. Concentrate resources on improving the capability to ensure technical supplies, bringing about qualitative change, and gradually turning technical work into a regular practice. Apply computer science in technical management and command. Develop regulations on technical work for various specialized technical services.

Adopt plans for stable, long-term training and use of technical cadres and personnel. Regularly improve the specialized knowledge of technical cadres and personnel of the technical services.

The task of ensuring equipment and technical supplies in the new stage is very weighty and complicated, requiring unified leadership and command. The initiative, creativity, independent spirit, and self-reliance of all sectors and levels must be brought into play to manage and use weapons and technical equipment in a satisfactory, reliable, safe, and economical manner, and to produce, improve, and modernize weapons and technical equipment to meet the requirements of new situation and tasks.

* Anti-Corruption, Smuggling Work Problems Cited

952E0016A Hanoi QUAN DOI NHAN DAN THU BAY in Vietnamese 1 Oct 94 p 7

[Article by Ngo Duc Hanh, State Inspector: "Corruption and Smuggling Suppression, a Struggle Still Fraught With Difficulties"]

[FBIS Translated Text] *Corruption and smuggling are really a national disaster. For this reason, the recent midterm party congress has affirmed that they are one of the four dangers threatening the cause of national renovation. Regrettably, results of the efforts to combat corruption and smuggling have fallen short of requirements. This hard struggle is currently a challenge to us.*

Economic Offenses Are Prevalent: According to reports (still incomplete, naturally) by 47 of the 53 provinces and cities and by the 19 ministries and central-level sectors, state inspection organs have discovered that during the first six months of 1994 alone, economic offenses have caused the losses of nearly 338 billion dong, almost $84,000, more than 15 kg of gold, about 20,000 tons of paddy, 335 hectares of cropland, and 20,000 cubic meters of timber. Worthy of note is the fact that all the offenders were cadres and party members serving in the state machinery. Among the number of offenders already punished were five department chiefs and deputy chiefs, four general directors and deputy general directors, four district chairmen and vice chairmen, 40 company directors and deputy directors, 12 head accountants, 181 bureau chiefs and deputy chiefs or persons holding equivalent positions, 128 key village cadres....

At a time when the national budget is still limited, when the efforts to ensure the balance between receipts and expenditures are becoming particularly important, and when budget collections in many localities can at best barely cover regular disbursements, *it is distressing to see that budget collections are suffering huge shortfalls and that such shortfalls have become prevalent.* Work by Finance Ministry inspectors in Ha Bac alone has shown that in the 1992-1993 period, businesses in the province fell into arrears with payment of 31 billion dong, that agricultural tax equivalent to more than 1,000 tons of paddy was overdue, that irrigation fees equivalent to more than 17,000 tons of paddy remained unpaid, that the capital construction sector suffered a shortfall of nearly 3 billion dong in collections.... Tax management and collections throughout the country have been beset with shortcomings; many sources of revenue have been overlooked; and taxes, in particular export-import taxes, have been imposed below the official rates, causing huge shortfalls in tax collections. Worse still, the practice of tax cadres colluding with one another to misappropriate and embezzle taxes has become a common occurrence in many localities. For example, inspection of the Tan Viet Bank Joint Stock Company, the Saigon Automobile Joint Venture, the Ligamex Company... revealed that these firms were more than 6 billion dong in arrears with debt payment. State inspectors in Dong Nai Province, checking 18 businesses, discovered 26 billion dong of unpaid debts.... *Among the state-owned businesses, violations of accounting and statistics regulations and other practices such as hiding the sources of revenue, incorporating many unjustified expenditures into production costs, understating profits to avoid tax, making untruthful reports on results of production and business operations, wasteful practices... have become very prevalent.* The Lam Dong Tea Company was a case in point. In 1991, the company made a profit of almost 4.8 billion dong but reported only 1.68 billion; in 1992, it suffered a loss of nearly 8.5 billion dong but reported only 65 million. Unable to pay its debt of 2.3 billion dong, the company arbitrarily inflated it to 4.9 billion dong and subtracted the amount from its fixed assets. The company also spent nearly 1.5 billion dong in violation of the regulations and embezzled 1.4 billion dong.

In capital construction, failures to abide by established processes and procedures have become widespread. There have been serious violations of the regulations in awarding contracts, carrying out construction, testing the finished products, and paying for projects. These violations have occurred in the forms of falsifying vouchers, arbitrarily increasing the volume of construction work, inflating the prices of materials, increasing the distances of transportation, changing the types of materials, inflating unit prices and norms, and awarding contracts to several contractors to extract bribes. These practices have resulted in considerable losses of capital. In this field, inspectors of the Ministry of Construction and of 23 of the 53 provinces and cities have discovered in the first six month of 1994 the losses of nearly 10 billion dong and 3.93 kg of gold.

Worthy of note is the fact that, as "people multiply but land does not," land is becoming as precious as "pure gold." For a long time, because of our oversights in land management, *extremely serious violations of the Land Law have occurred* in various localities, the land fund has undergone considerable changes, and the state has suffered grievous shortfalls in tax collection. Naturally, those who took advantage of our oversights to deal in land have enriched themselves overnight.

In other domains such as culture, health care, education, humanitarian aid management and use, employment policy, new economic zone building... serious violations have also occurred. Initially, we have discovered violations that have caused the losses of 5 billion dong, $143,000, and large amounts of other goods and materials... Worthy of note is that order and discipline in state administration and management have not been observed by various localities. This fact has been borne out by the conclusions reached in the inspection of the handling of illegally imported automobiles in Song Be, Dong Nai, and Tay Ninh Provinces. In 1991 and 1992, the three provinces arbitrarily disposed of 788 illegally imported automobiles, causing a loss of more than 50 billion dong to the state budget. The registration and circulation of 1,886 automobiles and 111,552 motorcycles—all illegally imported—in 26 other provinces and cities have also caused significant losses.

In short, economic offenses and other violations of state regulations and management have become a prevalent, distressing occurrence.

Corruption and Smuggling Remain a Major Challenge: The economic offenses mentioned above are in themselves are a proof of the state of corruption and smuggling. According to the estimates of responsible agencies, 617 cases of corruption were recently discovered, of which 61 cases had occurred in various ministries and central-level sectors, causing the losses of nearly 130 billion dong, 5.33 kg of gold, almost $84,000, 351 tons of grain, and 139 hectares of land. Of the 130 billion dong lost, nearly 8 billion were due to corruption, 238 million due to bribery, almost 118 billion due to intentional violations of the regulations, and more than 3 billion due to wasteful expenses. Regrettably, of these 617 cases, only the files of 136 cases involving 221 offenders have been forwarded to investigating organs, and legal agencies have initiated proceedings against only 129 people involved in 62 cases, have prosecuted 10 offenders in eight cases, and have tried five cases involving seven suspects... Of the property lost, only about 18 billion dong—or 22%—more than $15,000, 3.26 kg of gold, 200 tons of grain, and 111.6 hectares of land have been recovered for the state. Thus, *if the struggle against corruption requires that offenders be severely punished and misappropriated property be actively recovered for the state, both goals have not yet been achieved and what has been achieved has not correctly reflected the current state of corruption and smuggling.*

Smuggling, which goes hand in glove with corruption, is really a great danger. The trading of banned goods including opium, various narcotic and radioactive substances... has begun to emerge. The trading of antiques, which is closely linked with the destruction of our cultural heritage and the importation of reactionary and decadent publications, has been serious. Over the past six months, inspection organs at all levels, working in coordination with other sectors, have discovered and dealt with 7,600 cases of smuggling including 36 cases of narcotic drugs smuggling, have imposed fines and recovered goods worth nearly 9 billion dong. They have also recovered $12,660, nearly 20,000 cubic meters of timber including 1,340 cubic meters of precious and rare timber, 330 kg of explosives, 211,000 packs of foreign cigarettes, 5.1 tons of fake fertilizer, and 1 ton of used clothes. In addition, they have burned 15 kg of opium. At the same time, inspection organs have discovered nearly 3,000 cases of tax evasion, collecting almost 19 billion dong and $12,000 for the state budget. Concerning the trading of antiques, worthy of note is that, over the past six months, responsible organs have seized 334 artifacts and 231 other pieces of antiques before the criminals could smuggle them out of the country. The "money laundering" phenomenon of international Mafia gangs has appeared in Vietnam. Smuggling has become widespread, and both the number of case and the value of contraband involved have increased rapidly at all ports of entry and on the air, sea, and land routes of our country, causing "bleeding" in many fields.

To Make the Struggle Against Corruption and Smuggling More Effective: Since early this year, at various government meetings, corruption and smuggling suppression has always been affirmed as a central, urgent task. Yet, why is it that the struggle against corruption and smuggling has yet to measure up to the demands of the situation? And why is it that, far from being rolled back, corruption and smuggling are even threatening to increase to a dangerous level? According to the assessment of the Permanent Corruption Suppression Commission, the *main causes* of this situation are the following: The leadership of many sectors and localities have not adequately perceived the problem and satisfactorily organized the implementation of various corruption and smuggling suppression policies and measures. Worse still, at some places the leadership of some sectors and localities themselves have transgressed the law. In addition, there has been very slow progress in the examination and revision of mechanisms and policies. The corruption and smuggling suppression direction mechanisms from top to bottom have not been quickly revamped and consolidated. The trials of important cases have been slow, which has prevented them from having a deterrent, educational effect. In our opinion, we should stress the fact that we still lack a suitable corruption and smuggling suppression organization. Worse still, negativism also prevails in the internal ranks of the law-enforcement agencies themselves. In many cases, there have been indications that these agencies have tried to defend and protect corrupt people and smugglers. Discovery by the people of corruption and smuggling cases and public contributions to the struggle against corruption and smuggling have not been treated with due respect by the responsible agencies.

So, what should we do to combat corruption and smuggling? At the Seventh Plenum of the Party Central Committee on industrialization and modernization, Comrade Secretary General Do Muoi devoted an important part of his address to affirming the need to resolutely struggle against corruption and smuggling. He said: *"The entire party, all party organizations, and all party members, in particular those party member who hold leadership positions, must behave in an exemplary manner for the sake of the common cause, and must not seek personal gains. All offenses must be strictly and promptly dealt with according to the law, no matter who the offenders are..."*

If we can overcome the causes mentioned above and act with resolution as Secretary General Do Muoi urged, we are convinced that the struggle against corruption and smuggling will yield better results. This is not only a requirement of the cause of renovation and national industrialization and modernization but also a longstanding wish of the people, for the sake of a prosperous people, a powerful country, and an equitable and civilized society.

* Officials Comment on Seaport Development

952E0015A Hanoi QUAN DOI NHAN DAN in Vietnamese 4 Oct 94 p 2

[Article by Cong Toai: "To Implement the Vietnam Seaport Development Strategy"]

[FBIS Translated Text] Dinh Ngoc Vien, director of the Vietnam Maritime Department, says that to achieve the goal of handling 60 million tons of cargo at seaports by the year 2000 in accordance with its development strategy, the maritime sector has implemented the policy of building and developing a homogeneous system of seaports throughout the country. The group of northern seaports, comprising Haiphong and Cai Lan ports, will be developed to be capable of handling 26 million tons of cargo per year, with container docks taking care of 40% of the cargo going through these ports. The group of seaports in Central Vietnam will be expanded to handle 10 million tons of cargo per year. This group includes the Van Phong deep seaport (an oil port), the 10,000-ton Quy Nhon pier, and a number of piers to be used exclusively for loading and unloading timber, salt, sand, and other merchandise. The southern group of seaports, including the Saigon, Ben Nghe, and Tan Thuan container docks, will be developed to be capable of handling 32 million tons of cargo annually. The long-term goal of the maritime service is to concentrate on developing deep seaports such as Cai Lan and Thi Vai-Vung Tau to receive 30,000-ton to 50,000-ton freighters....

Meanwhile, since it shifted to the market mechanism, the Vietnamese seaport system has been consolidated and upgraded and has made encouraging progress; however, its current capacity is still limited. This is because of a weak, deficient, and inadequate infrastructure that is incapable of meeting the current cargo handling requirements. The operations of the system are still fragmentary and disjointed; moreover, fierce competition has curbed the development and operational efficiency of the system. With their total length of 11,400 meters, in 1993 the seaports throughout Vietnam handled more than 22.6 million tons of cargo, achieving an output of 1,982 tons per meter of pier. Some of the ports that achieved a fast growth rate were Saigon, which was credited with handling 5.5 million tons per year; Haiphong, with 2.7 million tons per year.... Generally speaking, the seaports have paid attention to making in-depth investment using their own capital and have shown dynamism and creativity in production and business operations; thanks to that, they have rapidly increased the volume of cargo handled. However, in reality, the capacity of some key seaports has not been fully exploited. Haiphong Port, thanks to the in-depth investment already made and a gradual reorganization of production, can load and unload 5 million tons of cargo per year. Likewise, the current maximum cargo handling capacity of Saigon Port is 7 to 8 million tons per year....

To prevent negative practices, fully exploit the capacity of the seaports, and ensure the interests of these seaports, of the various sectors, and of the state, we need to adopt now a strategy for the development and unified management of seaports, along with the establishment of order and discipline in this domain on a nationwide scale. It is for this purpose that the Vietnam Seaport Association (VSA) was officially founded on 15 August 1994 with the approval of the prime minister and the Ministry of Communications and Transportation. This is a necessary step to promote healthy competition and speed up the development of the seaports in accordance with the strategic orientation of the Vietnamese maritime sector.

Mr. Tran Van On, director of Saigon Port and VSA president, says that VSA's main purpose is to associate all Vietnamese seaports in a unified professional organization and to establish a relationship of cooperation and mutual assistance among all members to protect the economic and political interests of the Vietnamese seaports and to enhance their managerial standard, their cargo handling capacity, as well as their status. VSA will serve as an adviser to the Vietnam Maritime Department in mediating and resolving problems that arise from the reality of production and business operations of VSA members. VSA will also advise the department on implementing measures to establish an environment of healthy and fair competition. In addition, VSA will advise the state, the sectors concerned, and localities on positions and policies, in particular on the promulgation of rational fees; on making short- and medium-term investment; on expanding and developing seaports... in accordance with the seaport system master plan of the Vietnamese maritime service. With regard to its foreign relations, VSA will fully exploit its relations with the International Association of Ports and Harbors (at present, Saigon Port is the only Vietnamese member of this association) to serve the common interests of all Vietnamese seaports. However, there is still the vexing question of whether VSA will be able to achieve the goals it has set for itself. These worries are not groundless. This is because of the fact that, to build a strong economic collective of seaports capable of serving as a national partner to attract large amounts of foreign capital, right now VSA must give advice on how to resolve at all costs a problem that would attract the attention of foreign ship owners, consignors, and investors when they come to Vietnam, namely the cargo handling capacity and the quality of operation of our country's seaports system. Meanwhile, VSA member seaports are put under the different, overlapping management of several echelons, ministries, and sectors, and under the management of both the central and local levels. All this despite the fact that VSA is only a professional association and does not have the state management and business functions of an enterprise. For this reason, VSA's authority, operating funds, and impact... are still severely limited.

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